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Japan

Tokyo Agrees To Lower Tariffs on Oranges, Juice

OW1512134093 Tokyo KYODO in English 1331 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—Japan has agreed to lower tariffs on orange and orange juice as part of market access negotiations under the Uruguay Round of world trade talks, government sources reported Wednesday [15 December].

Under the agreement, tariffs on orange and orange juice imports will be lowered over a six-year period, starting in fiscal 1995, the sources said.

The 40 percent winter tariff and 20 percent summer tariff on oranges will both be reduced by 20 percent, while those on orange juice will drop by 15 percent each from the present 25 and 35 percent, the sources said.

Japan liberalized imports of oranges and orange juice in 1991 and 1992, respectively.

The United States is the major orange exporter for Japan while most orange juice comes from Brazil and the U.S.

Uruguay Round Issues, Outcome Reviewed

OW1312212193 Tokyo KYODO in English 1936 GMT 13 Dec 93

[By Keiko Tatsuta]

[Text] Tokyo, Dec. 14 KYODO—Japan barely escaped international censure for preventing the completion of the Uruguay Round of global trade talks when Prime Minister Morihiro Hosokawa's cabinet made its last-minute decision early Tuesday to accept a partial opening of the nation's rice market.

Japan's rejection of a proposal to replace all import barriers on farm products with tariffs was one of the major stumbling blocks to completing the 116-nation talks under the General Agreement on Tariffs and Trade (GATT).

Now that Japan has agreed to accept "minimum access" to foreign rice, it is ready to push others to compromise on remaining issues. Facing Wednesday's deadline, however, Tokyo apparently missed a chance to take the initiative in wrapping up the 7-year-old global trade talks, which were originally supposed to be concluded in 1990.

The United States and the European Community (EC) reportedly failed Monday to resolve their stickiest dispute over audiovisual services and subsidies for civil aircraft despite last-ditch efforts through on-and-on discussions.

The two economic powers had already struck a deal last week covering many areas, including market access, agriculture, financial services and antidumping measures.

There still remains skepticism about whether the world trade talks can meet the self-imposed deadline in real terms, though a whatever general agreement is sure to be forged.

Japan, the EC and the U.S. postponed submitting their national schedules of tariff reductions on industrial products beyond a December 10 deadline set by GATT Director General Peter Sutherland.

Sutherland originally planned to present a draft comprehensive agreement to each negotiating party in Geneva on Monday evening to allow negotiators time to decide on the draft agreement at Wednesday's Trade Negotiations Committee (TNC), a GATT overseeing body. However, a report from Geneva said Sutherland put off presenting the draft accord beyond Monday due to unresolved row between the U.S. and the EC.

Asked about the importance of the December 15 deadline, a senior Japanese trade negotiator said, "It doesn't matter to us. Either (December) 16 or 17 will do."

"It's a matter for Washington," he said.

The U.S. Administration must submit a trade bill to Congress by December 15 to have it deliberated under the so-called "fast-track" authority, which limits Congress to either approving without amendment or rejecting a foreign trade deal negotiated by the administration.

The U.S. has reportedly called for putting off GATT negotiations on government procurement, which are under way in parallel with the Uruguay Round talks with the same December 15 deadline, until April next year.

Keidanren Head Hails 'Successful' GATT Talks

OW1412130293 Tokyo KYODO in English 1237 GMT 14 Dec 93

[Text] Tokyo, Dec. 14 KYODO—A top Japanese business leader hailed Tuesday [14 December] the successful completion of the seven-year Uruguay Round of world trade talks under the General Agreement on Tariffs and Trade (GATT).

Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren), said the success of the multilateral trade talks is indispensable for the development of the world economy. He added, however, that the draft agreement prepared by GATT Director General Peter Sutherland was not totally satisfactory for Japan.

Hiraiwa expressed hope that Japan would continue to play a positive role in promoting the next round of world negotiations on problems concerning environmental preservation and market competition.

Business Community Divided on GATT Assessment

OW1412132493 Tokyo KYODO in English 1258 GMT 14 Dec 93

[Text] Tokyo, Dec. 14 KYODO—The Japanese business community was split Tuesday [14 December] over the assessment of an agreement reached in the Uruguay Round of world trade talks under the General Agreement on Tariffs and Trade (GATT).

Masaru Hayami, head of the Japan Association of Corporate Executives (Keizai Doyukai), said the agreement was generally welcome though it is not totally satisfactory for Japan. It is important for Japan to contribute to developing the world economy, he said.

Business sectors feeling the impact of the yen's appreciation expressed concern over the effects of the agreement on their business performance.

Nippon Flour Mills Co. said the tariffication of imports will deal a heavy blow to its business.

Makers of milk and wheat products have launched project teams to realign and consolidate their production bases in Asian countries to step up output for shipment to Japan, industry sources said.

Butter and ice cream makers will be hit hard by the tariffication scheme because their domestic production costs make their products two to four times more expensive than imports, the sources said.

Japan imports more than 80 percent of its wheat consumption annually, and most flour mills have been able to survive under government protection.

Japanese automobile makers are upset by the abolition of so-called "voluntary" export controls under the GATT agreement.

The agreement may prevent them from taking effective measures if disputes arise in future over market shares of Japanese vehicles in the United States and Europe, automakers said.

Japanese automakers have curbed their car exports to the United States and Europe since 1981 and 1986, respectively, under pressure from the domestic industries in those markets.

They, however, have failed to use up their export quotas to the United States since 1987, due largely to expansion of their production facilities there.

The steel industry is highly displeased with the antidumping clause, which it says may result in an increase of litigation against Japanese steelmakers.

The industry hopes a new multilateral steel agreement will be formulated to establish a new order for global steel trade.

The electronics industry reacted calmly to the agreement because most makers have shifted to production overseas.

Reactions to Rice Market Liberalization Continue

Business Leader, Official Comment

OW1412131893 Tokyo NHK General Television Network in Japanese 0309 GMT 14 Dec 93

[Announcer-read report; from "NHK News" program]

[Text] Commenting on the coalition government's decision to accept the GATT compromise proposal calling for a partial opening of the Japanese rice market, Takeshi Nagano, president of the Japan Federation of Employers' Association, and Hiwata, director of the Federation of Consumer Cooperatives, said today:

[Begin Nagano recording] Since the GATT compromise proposal calls for a partial opening of the Japanese rice market with a six-year moratorium on tariffication, the Japanese Government should adopt a policy of building Japanese agriculture into a truly self-reliant agriculture over the next six years. I believe Japan's purchase of rice from such rice-exporting Southeast Asian nations as Vietnam and Thailand will give a great impetus to those nations. I also believe our people should positively accept the GATT compromise proposal. [end recording]

[Begin Hiwata recording] The present situation is that rice consumers cannot buy rice freely. It is necessary to create a system under which rice consumers can buy the rice they want to buy. The government should maintain the rice stockpile system. So far the government and agriculture organizations have done nothing to solidify the production foundation for rice. Since the government decided to partially open the Japanese rice market under this situation, we cannot approve of the government's decision. [end recording]

SDPJ Members Against Opening

OW1412133993 Tokyo NHK General Television Network in Japanese 0306 GMT 14 Dec 93

[Announcer-read report; from "NHK News" program]

[Text] The Social Democratic Party of Japan [SDPJ] has decided to approve a partial opening of the Japanese rice market, but members of the party's Agriculture and Forestry Division, who oppose the move, are currently holding a meeting to discuss ways to cope with future farm problems arising from it. Some members have said they should break away from the SDPJ and the party leadership is working hard to persuade them not to leave.

Members of the party's Agriculture and Forestry Division also say they intend to wage a campaign against an amendment to the Food Control Law and other domestic procedures required to keep the Japanese rice market partially open. With other division members at the meeting backing a move to break away from the SDPJ at the meeting, the meeting is believed to be searching for a consensus.

In response, the SDPJ leadership, in a bid to keep the party together, is now vigorously working on persuading them not to take drastic action. Maki Murazawa, party member and parliamentary vice minister of the Agriculture, Forestry and Fisheries Ministry, announced his resignation in protest at the government's acceptance of the GATT compromise proposal and the leadership is now attempting to dissuade him from resigning.

Commenting on the widening differences within the SDPJ on the rice issue, Kosuke Uehara, party member and director general of the National Land Agency, told a news conference after a cabinet meeting today that the government should take into full account proposals made by SDPJ legislators who voiced objection to partially opening the Japanese rice market when it looks at domestic measures to cope with the farm problems.

Official Intends To Resign

OW1512120593 Tokyo KYODO in English 1154 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—Maki Murasawa, parliamentary vice minister of agriculture, forestry and fisheries, said Wednesday [15 December] he will resign in dissatisfaction with the government's acceptance of a GATT proposal on opening Japan's rice market to imports.

Murasawa, a House of Councillors legislator of the Social Democratic Party [of Japan] (SDP) [SDPJ], expressed his intention to step down in a meeting with Deputy Chief Cabinet Secretary Yukio Hatoyama, government officials said.

Murasawa is expected to tender his letter of resignation to Prime Minister Morihiro Hosokawa after the enactment of a second supplementary budget, expected late Wednesday, the officials said.

The SDPJ, the largest party in the ruling coalition, had opposed accepting the GATT proposal and haggling among party members on the issue caused the government to delay its announcement on partially opening the rice market until the early hours of Tuesday.

Murasawa will become the second high-ranking official of Hosokawa's seven-party coalition administration to resign.

Keisuke Nakanishi stepped down as the Defense Agency chief early this month over remarks he made favoring revision of the constitution.

The General Agreement on Tariffs and Trade (GATT) proposal exempts Japan from the tariffication of rice import ban for six years in exchange for importing a minimum rate of 4 to 8 percent of its domestic rice consumption during the grace period.

The 7-year-old Uruguay Round talks under GATT are expected to be officially declared ended Wednesday in Geneva.

'Reshuffle' of Top Ministry Officials Reported

OW1512121593 Tokyo KYODO in English 1206 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—Farm Minister Eijiro Hata tentatively decided Wednesday [15 December] to appoint Toshihiko Tsuruoka, director general of the Food Agency, as vice minister of agriculture, forestry and fisheries, ministry officials said. Tsuruoka succeeds Akio Kyoya, who is to retire, the officials said.

The reshuffle of top ministry officials has apparently been prompted by the completion of the Uruguay Round of multilateral trade talks held under the General Agreement on Tariffs and Trade.

Takeki Manabe, director general of the Economic Affairs Bureau, will be promoted to vice minister for international affairs.

Hirofuji Ueno, chief of the minister's secretariat, will head the Food Agency, the officials said.

Hata intends to formalize those appointments after obtaining approval from the cabinet, the officials said.

Panel Suggests Plan To Redevelop Farming Areas

OW1512032793 Tokyo KYODO in English 0205 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—Local governments should help redevelop the nation's farming areas based on an overall design for more effective and organized use of land for each area, a government panel suggested in a report Wednesday [15 December].

The Agricultural Administration Council, an advisory panel to the prime minister, said in the report that there has been confusion over land use of the farming areas, stemming from disorganized land development.

Farmland and land for other uses are mixed within areas and agricultural land is being abandoned, particularly in very hilly regions, the panel said. Such factors make Japan's use of farming land inefficient, it added.

Municipal governments should take initiatives in drawing up redevelopment plans for farm areas based on local needs, it said. The panel also called for drawing up guidelines for building facilities to improve living standards in farming regions, such as sewerage systems and roads.

Progress of U.S. Medical Trade Talks Reported

OW1512130693 Tokyo KYODO in English 1243 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—The United States reported progress Wednesday [15 December] in talks on boosting Japan's purchases of foreign medical equipment, welcoming a new proposal from Tokyo on measuring success.

"We are beginning to close the gap," a U.S. official said, although she described it as "a very substantial gap."

Japan's proposal included, as "objective criteria," measuring the value and number of competitive bids for government procurement of medical equipment and the number of bids submitted by foreign companies, a Japanese official said.

The U.S. official, briefing reporters on condition her name was not used, said Japan tabled "qualitative criteria" and data that could be used to "develop quantitative criteria" to chart progress in talks under a bilateral trade framework agreement.

In the two days of talks in Tokyo, the U.S. official said, Washington did not contrast the foreign share of the markets of various leading industrial countries—a comparison that makes Japanese negotiators bristle at the idea of "numerical targets." But the U.S. official branded as "unacceptable" what she said were Japanese proposals for "tracking our government's activities in our market."

Examining U.S. procurement practices is "beyond the bounds of the framework," which, she stressed, calls for negotiations aimed at boosting access to Japan's market, not America's. The talks, aimed at agreement before a February bilateral summit, will resume in Washington next month, the Japanese official said.

BOJ: Investment Fueling 'East Asian Miracle'

OW1412122493 Tokyo KYODO in English 1054 GMT 14 Dec 93

[Text] Tokyo, Dec. 14 KYODO—Direct foreign investment is taking over the role of such factors as cheap wages in fueling the boom in other East Asian economies, the Bank of Japan [BOJ] said Tuesday [14 December].

To keep the "East Asian miracle" of strong and balanced growth on course, the countries of East and Southeast Asia need continued investment for industrial infrastructure and they must overhaul their financial systems, the central bank said in a report.

The report expresses hope for greater progress in such areas as easing curbs on participating in banking but calls for greater emphasis on risk management for the region's various economies.

To lay the foundations for Asian countries to absorb continued investment, investor nations must work to expand such infrastructure as electric power and railroads, the report says.

As other East Asian economies expand, Japan must strive to ensure a stable "mutually beneficial partnership" by raising the technological level and shifting to higher value-added production in those countries, it says.

Led by Japan with a late 1980s surge in the yen's value, a flood of foreign investment built factories in South Korea, Taiwan, Hong Kong and Singapore, the report notes.

Those so-called newly industrializing economies were soon investing in such next-tier Southeast Asian economies as Indonesia, Malaysia and Thailand, and those countries have recently begun pumping investment into China and other booming economies, it says.

Accord With PRC on War-Displaced Japanese

OW1512083093 Tokyo KYODO in English 0739 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—The Japanese and Chinese Governments have agreed on procedures to allow Japanese left behind in China at the end of World War II to temporarily return to Japan, Foreign Ministry officials said Wednesday [15 December].

The Japanese Embassy in China and China's Foreign Ministry exchanged notes on the accord in Beijing, the officials said. Under the agreement, the Japanese Government will make plans for groups of war-displaced Japanese to temporarily visit their homeland, the officials said.

The groups will be allowed to visit only after Tokyo submits a plan to Beijing and receives approval, they said. About 1,800 war-displaced Japanese are living in China, the officials said.

If the visiting Japanese wish to reside permanently in Japan, the Japanese Government will "take necessary steps" under the accord to persuade them to return once to China to solve any family problems, such as separation from their spouses, they said.

If they still refuse to return, Tokyo will allow the families in China to briefly visit Japan for family consultations, they said.

The agreement also said that the Japanese Government will allow, based on immigration laws, permanent residence of war-displaced Japanese, even if they don't have relatives in Japan, according to the officials.

Japan will also allow their children and the children's families to permanently reside in Japan, they said.

Tokyo To Accept 1,000 Women

OW1512131893 Tokyo KYODO in English 1259 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—The government has decided to accept some 1,000 Japanese women left behind in China at the end of World War II if they express a wish to return home to Japan, the Health and Welfare Ministry said Wednesday [15 December]. The ministry plans to start the three-year repatriation program from January.

The ministry said there were 1,759 war-displaced Japanese women in China as of the end of March, of whom some 1,000 are believed to want to return to Japan permanently. The estimate was made on the basis of a ministry survey conducted recently on 1,587 such women whose addresses in China are known, ministry officials said.

Of the 749 women who answered the questions in the survey, 493 or 65.8 percent replied they wanted to return home permanently and 158 or 21.1 percent said they would like to stay temporarily in Japan before deciding to stay for the rest of their lives, the officials said.

Under the program, the ministry will ask women wishing to return to Japan the most appropriate dates and start promoting a system for receiving them, the officials said.

The ministry plans to revise the system of special guarantors for women who have no relatives in Japan to receive them.

The new system calls for looking for special guarantors immediately after it becomes clear that relatives, if any, cannot receive them, dropping a six-month period for persuading relatives to do so.

Also, under the new system, the ministry will allow war-displaced women themselves to apply to it for travel expenses. Currently only the guarantors can make such applications.

In a bid to increase the number of persons and corporations that can be guarantors, which now totals 328, the ministry will let the government and prefectural governments take care of the returning procedures that guarantors have undertaken so far.

As to where the women will stay in Japan after returning home, the ministry will consult with them beforehand and decide the place by checking conditions in each prefecture for receiving them.

In a related development, Japan and China exchanged documents Wednesday on discussions between the two governments on the issue of returning war-displaced women to Japan. By exchanging the verbal notes, the two governments aim at setting up new rules so that future relations between returned women and their families in China will not be disrupted, the officials said.

Ban on Flow of Technology to DPRK Urged

OW1512144693 Tokyo KYODO in English 1418 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—Japan should bar a Korean residents' association in Japan from making "systematic shipments" of military-related high technology to North Korea, the head of a Tokyo think tank said Wednesday [15 December]

Katsumi Sato, director of the Modern Korea Institute, told the Foreign Correspondents Club of Tokyo that a North Korean military defector has attested to the shipments arranged by the pro-Pyongyang General Association of Korean Residents in Japan (Chongryun).

Sato said that Lim Song-son, a first lieutenant in the North Korean People's Army in charge of military construction who defected, told the institute that "some 75 percent" of the construction equipment, including trucks, cranes and bulldozers, are from Japan.

Sato quoted Lim as saying, "whenever something breaks, we photograph the defective part and fax the photo to the Chongryun along with the part number. In no time, the part is shipped to us on the Mangyeongbong ferry."

The 150,000-member Chongryun functions as Pyongyang's virtual embassy in Japan. The Chongryun-operated ferry shuttles between Niigata and the North Korean port of Wonsan.

Lim, 30, who defected to South Korea in August and testified to the existence of underground missile launching pads in North Korea, was interviewed by the institute, which gained permission from the South Korean Government.

Sato said Japan should "realize its duty" to place curbs on computer chips and COCOM-regulated products, as his institute's investigation indicates North Korea is "now trying to downsize a missile warhead, so that the Nodong-1 missile could deliver a nuclear bomb to Japan."

Sato, 64, charged Chongryun has exported "key high-tech components North Korea needs for its war machine."

Song Yong-bok, an official of Chongryun's Scientist and Engineer Association of Korean Residents in Japan (SEA), denied Chongryun violated COCOM (Coordinating Committee for Export Controls) regulations. SEA is a group of about 170 Korean researchers working in Japanese universities and business companies.

"All the large cargo and luggage we have sent to North Korea from Niigata has cleared inspections at customs," he said.

But Ikuo Misumi, senior inspector at the security export control division of the Ministry of International Trade and Industry, told KYODO NEWS SERVICE, "our ministry has not issued any instructions to Niigata customs to inspect the contents of each piece of luggage of passengers going to North Korea."

Sato also urged the government to halt the annual flow of an estimated 60 billion yen in Chongryun's banking remittances and cash gifts from Korean residents in Japan to their relatives in North Korea, saying the money eclipsed the entire 1990 North Korean budget of 35 billion won.

Tsutomu Nishioka, editor-in-chief of the institute's monthly news magazine, also said, "although a ban on cash gifts to North Korean relatives may raise humanitarian problems, to prevent North Korea from developing a nuclear missile should take precedence, as a nuclear attack would snuff out so many people."

"Many people are being forced to take along or send money as their relatives are taken hostage, whom Pyongyang has threatened to put into concentration camps or keep in detention, unless they handed over money," Nishioka said.

Zhirinovskiy's Kuril Remarks 'Irresponsible'

OW1512084893 Tokyo KYODO in English 0822 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—Japan on Wednesday [15 December] expressed displeasure about remarks by a Russian ultranationalist leader denying the existence of a territorial dispute between Tokyo and Moscow.

"They are tremendously irresponsible remarks if proved to be true," Chief Cabinet Secretary Masayoshi Takemura said at a news conference. "They are the remarks the Japanese Government does not care to comment on."

Takemura's remarks came after Vladimir Zhirinovskiy, leader of Russia's Liberal Democratic Party, told KYODO NEWS SERVICE on Monday that there is no territorial row between Japan and Russia.

Zhirinovskiy, whose ultranationalist party scored an impressive showing in Sunday's general elections, said Russia will never negotiate ceding its territory either to Japan or to other countries.

Japan claims four islands off its northern coast, which the former Soviet Union seized in the final days of World War II. They are Etorofu, Kunashiri, Shikotan and the Habomai group of islets.

Zhirinovskiy has vowed to run against Boris Yeltsin in the 1996 presidential election.

Foreign Minister Hails Elections in Russia

OW1412023393 Tokyo KYODO in English 0210 GMT 14 Dec 93

[Text] Tokyo, Dec. 14 KYODO—Foreign Minister Tsutomu Hata on Tuesday [14 December] welcomed what he said were democratically conducted parliamentary elections in Russia, but declined to comment on their outcome. He told a news conference after a Cabinet meeting that "generally, order was maintained" during Sunday's polls.

Asked about a strong showing by extreme nationalists, Hata simply said, "the people made their choice."

Accord Reached With Vladivostok on Exchanges

OW1412091993 Tokyo KYODO in English 0902 GMT 14 Dec 93

[Text] Kanazawa, Dec. 14 KYODO—A group working for the promotion of economic exchanges with nations along the Sea of Japan said Tuesday [14 December] it has agreed to collaborate with a state-run business institution in the Russian Far East.

The agreement was reached with the Pacific Management Academy in the Siberian port city of Vladivostok, the forum said.

It was established in May last year by both public and private institutions in three prefectures on the coast of the Japan sea, Toyama, Ishikawa and Fukui.

The institute said lecturers and students at the Russian academy will be invited to Japan to study the market economy. It signed a market research agreement with a private consulting agency in Khabarovsk, Siberia, last September.

Islands Final 1993 Visa-Free Group Visits

OW1412015393 Tokyo KYODO in English 0109 GMT 14 Dec 93

[Text] Sapporo, Dec. 14 KYODO—This year's seventh and final group of visa-exempt Russian visitors from the disputed islands off Hokkaido arrived in Nemuro on Tuesday [14 December].

The 69 visitors arrived on three cargo vessels, since no passenger vessel was available, and are scheduled to stay in Sendai from Wednesday through Friday. They are scheduled to return home Friday evening.

The group will visit farming and fishing facilities as well as touring hospitals and elementary schools. The visitors will also take part in a dialogue with local Japanese to deepen the exchange.

Representatives from the four islands are scheduled to visit Hokkaido early next year to discuss the content of proposed exchanges in the next fiscal year.

The islands of Kunashiri, Etorofu, Shikotan and the Habomai group are claimed by both Tokyo and Moscow, and dispute has barred Japan and Russia from having normal ties since the end of World War II.

Kazakhstan's Ratification of NPT Welcomed

OW1412090293 Tokyo KYODO in English 0802 GMT 14 Dec 93

[Text] Tokyo, Dec. 14 KYODO—Japan on Tuesday [14 December] welcomed Kazakhstan's decision to accede to the Nuclear Nonproliferation Treaty [NPT] as a nonnuclear weapon state and urged Ukraine to do the same. Foreign Ministry Spokesman Terusuke Terada said the decision by the former Soviet republic of Kazakhstan to join the NPT "marks an extremely important step in preventing the proliferation of nuclear weapons."

Terada's remarks followed the announcement on Monday by a Kazakhstan spokesman saying its parliament had ratified the NPT as a nonnuclear state.

Kazakhstan's President Nursultan Nazarbayev said in October that his parliament would ratify the NPT by the end of this year.

Japan hopes Kazakhstan will "promptly deposit the instruments of accession to the NPT and faithfully fulfill the obligations of the treaty," Terada said.

The Japanese Government "strongly requests" Ukraine to accede to the NPT immediately as a nonnuclear weapon state and ratify the Strategic Arms Reduction Treaty (START I) unconditionally, Terada said.

Japan made a similar request on Monday in a letter from Foreign Minister Tsutomu Hata to Ukraine's Foreign Minister Anatoliy Zlenko, he said. The letter was handed to Zlenko by a Foreign Ministry official visiting Ukraine, he said.

Japan has been repeatedly calling on Kazakhstan and Ukraine to join the NPT. The Group of Seven (G-7) economic powers also urged the two countries to accede to the NPT in the political declaration adopted at their July summit meeting in Tokyo.

The NPT is designed to prevent the spread of nuclear weapons, and START I is an agreement between the U.S. and republics of the former Soviet Union to cut nuclear arsenals.

Israel's Beilin Discusses Economic Figures

TA1512124093 Tel Aviv DAVAR in Hebrew 15 Dec 93 p 4

[Report by Moti Bassok]

[Excerpt] "Arab countries have begun exploring the prospects of trading with Israel. Consequently, it makes no sense that Japanese companies should continue to be wary in their relations with Israel." Deputy Foreign Minister Yosi Beilin stated in a meeting with the directors of Japan's 50 largest companies in Tokyo yesterday. These are part of Keidanren, the Japanese Federation of Economic Organizations, which include some 1,000 major firms.

The meeting with Beilin was attended by representatives of Sanyo, Miko, Nikkon, Mitsubishi, Honda, Toshiba, Ryuk, Toyota, and others. Maseo Miyoshi, the president of Keidanren [name and title as published], said in the meeting that economic relations between Japan and Israel have been developing recently in a satisfactory manner and that Keidanren was committed to expand these ties in the near future. He noted that a large delegation of Keidanren, the first of its kind, visited Israel last April. The delegation was made of major economic figures whose overall volume of trade totals $3 trillion. They inspected the prospects of cooperation between Japan and Israel and between economic firms in the two countries.

Beilin told his hosts that the Arab boycott was currently experiencing its last throes and that Arab countries had started examining the possibility of trading with Israel. According to him, the Arab boycott is a menacing weapon on the declarative level but is really no more than a myth. The deputy foreign minister noted that the Middle East harbors large economic potential in times of peace. Stability in the region will not only be attained through political agreements, but also through economic development, he said. "Economic prosperity means eradicating poverty, illiteracy, and misery and it is the basis for the elimination of national and religious fanaticism," Beilin stated. He went on to describe the economic aspects of the bilateral and multilateral talks and mentioned projects in which Japan could take part.

The president of Keidanren concurred with him that a few Japanese companies remain wary of Israel because of the Arab boycott, whose effect was gradually declining. [passage omitted]

Gulf War Contribution Report Submitted to Diet

OW1412042493 Tokyo KYODO in English 0405 GMT 14 Dec 93

[Text] Tokyo, Dec. 14 KYODO—The Foreign Ministry on Tuesday [14 December] submitted to the Diet a report explaining how Japan's contribution of some 1.5 trillion yen to the Gulf Peace Fund was used to help restore peace in the region following the Gulf war, ministry officials said Tuesday.

The report was submitted to the committees on audit in both houses of the Diet, and to other related committees such as those on foreign affairs and budget, the officials said.

The ministry compiled the report because this kind of contribution was unprecedented in Japan, they said.

The contribution was aimed at supporting the 16 countries undertaking activities to restore peace and stability in the Gulf region, in accordance with United Nations Security Council resolutions.

The 16 countries included the United States, Britain, Egypt, Syria and Pakistan.

The report showed that Japan's contribution of 1.49 trillion yen to the Gulf Peace Fund was extended in the form [of] financial aid and material cooperation, and was not used for the purchase of ammunition and weapons.

The financial cooperation included covering the charter costs of aircraft and ships, and other transport-related expenses, while material assistance included food, medical goods, heat-resistant equipment, water supply equipment, vehicles and other transportation items, according to the report.

The officials said the Japanese Government made sure its money was not used for unsuitable purposes by specifying how the money should be allocated, in official documents exchanged with recipient countries, and also through checks made by the fund's management committee.

Japan's contribution was disbursed over four periods starting September 1990, the final one of which began this March. The delay was owed to the fact that it took a relatively long time to decide on the materials required and to coordinate with recipient governments, they said.

The Gulf Peace Fund was set up based on an agreement between the Japanese Government and the Cooperation Council for the Arab States of the Gulf (GCC), in September 1990.

Of Japan's total contribution to the fund, about 91 percent went to the U.S., the officials said.

Separately from its contribution to the fund, Japan also disbursed some 12.5 billion dollars to surrounding countries such as Turkey, Jordan and Egypt, during the Gulf war.

Ruling, Opposition Disagree on Diet Extension

OW1412124693 Tokyo NHK General Television Network in Japanese 0310 GMT 14 Dec 93

[Text] With the current Diet session set to conclude tomorrow, ruling coalition parties are seeking a long extension of the current Diet session in a bid to pass a package of political reform bills. The opposition Liberal Democratic Party [LDP] is objecting to the extension, as are some members of the ruling Social Democratic Party of Japan [SDPJ] who also object to the extension. Hence, a battle is likely to be waged between the ruling and opposition parties over the issue of extending the current Diet session.

The ruling coalition parties, which plan to extend the current Diet session until late January next year to pass the bills, held a meeting this morning of secretaries in charge of political affairs to discuss ways to extend the session. Today the ruling coalition parties will ask House of Representatives Speaker Takako Doi and House of Councilors President Bunbei Hara to extend the current Diet session with the aim of voting on the extension at a plenary session of the Diet tomorrow.

Some members of the SDPJ, who are against adopting a combined electoral system of single-seat constituency and proportional representation, are asserting the current Diet session should not be extended for long, and deliberation on the political reform bills should continue beyond the current Diet session if necessary. The SDPJ leadership will run into difficulty coordinating intraparty views because they are reacting against the handling of the rice issue by the leadership of the SDPJ and coalition government.

Meanwhile, the LDP has already affirmed its policy of opposing the extension of the current Diet session. Commenting at today's news conference on the possibility of Prime Minister Hosokawa and LDP President Kono meeting to discuss the issue of extending the current Diet session and passing the political reform bills, LDP Secretary General Mori said that with Prime Minister Hosokawa showing no willingness to make concessions to the LDP, President Kono will not hold such a meeting with the prime minister.

Diet Decides To Extend Session Until 29 Jan

OW1512144293 Tokyo KYODO in English 1426 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—The Diet decided Wednesday [15 December] to extend the current Diet session by 45 days until January 29 to allow further debate on government-proposed political reform bills, on which Prime Minister Morihiro Hosokawa has staked his political future.

All but four of the 226 legislators of the opposition Liberal Democratic Party (LDP) and six rebel members of the Social Democratic Party [of Japan] (SDP) [SDPJ], the largest of the seven ruling parties, boycotted the plenary session of the House of Representatives, which convened Wednesday night to take a vote on the extension.

In defiance of the LDP's policy of being absent from the session, former Education Minister Takeo Nishioka and three other LDP members appeared in the lower chamber and voted for the extension.

The six SDPJ members boycotted the session to demonstrate their opposition to the reform bills.

Earlier in the day, SDPJ Secretary General Wataru Kubo, who represented the ruling parties, and his LDP counterpart Yoshiro Mori met to seek a compromise on the issue of extending the current 90- day Diet session, due to end the same day. The two leaders, however, failed to reach agreement on the matter.

The LDP has been opposed to the Diet extension, saying that the reform bills should be temporarily set aside and that the government should concentrate on compiling the draft budget for fiscal 1994 by the end of the year.

The coalition parties have insisted that an extension is necessary to enact the passage of reform bills and to discuss measures to boost the country's economy.

The reform bills, which cleared the lower house in November, were deferred in the House of Councillors as the upper house was occupied with the second supplementary budget.

The Japanese Communist Party voted against the Diet extension.

According to Diet regulations, a session can be extended on the decision of the powerful lower house.

Printing Firms Found Guilty of Bid-Rigging

OW1412053493 Tokyo KYODO in English 0447 GMT 14 Dec 93

[Text] Tokyo, Dec. 14 KYODO—The Tokyo High Court on Tuesday [14 December] fined four printing companies 4 million yen each for rigging bids for production of the peel-off stickers used on pension notification postcards.

The four firms comprise the printing industry leader, Dai Nippon Printing Co., Toppan Moore Co., Hitachi Information Systems Ltd. and Kobayashi Kirokushi, of Kariya, Aichi Prefecture. The first three companies are Tokyo-based. Toppan Moore is an affiliate of the second-largest firm in the field, Toppan Printing Co., and Hitachi Information Systems is a subsidiary of Hitachi Ltd.

In the ruling, the court said that, around April last year, the four companies agreed on a bid-rigging arrangement for the production of stickers due to be ordered by the Social Insurance Agency.

Under the agreement, each time bidding for the stickers was to be held, the four would conspire beforehand to set an inflated bid price, the ruling said.

They had also agreed that the winner of a bid should subcontract the order to one of the other three firms, the ruling said.

Consequently, the four gained unjustified profits of 420 million yen, it said.

The Fair Trade Commission (FTC) in February filed a criminal complaint with the court against the four companies. It was the first court ruling on the case, because antitrust cases were designated to be tried at the Tokyo high court.

The FTC in September ordered three of the four firms, excluding Hitachi Information Systems, to pay a total of 170 million yen in penalties for rigging bids for the stickers. But the three protested the measure.

Hitachi is not subject to the penalty as it has not been designated by the other firms as the winner of any of the sticker bids, FTC officials said.

The Social Insurance Agency, affiliated with the Ministry of Health and Welfare, has also asked the four to pay back the unjustified profits, but they have not obeyed. The agency plans to file a civil lawsuit concerning this nonpayment by the end of this week.

Presiding Judge Kazuyoshi Kondo said the firms "deserve severe social criticism" for causing heavy losses to the agency and the Japanese people. Prosecutors had demanded a 5 million yen fine for each of the four. He added that bid-rigging has been widely practised in the printing industry.

The judge said the agency aided and abetted bid-rigging by lacking strictness in its fixing of bid prices.

The stickers, which prevent personal information from being seen by persons other than pension recipients, are pasted on postcards forwarded to recipients from the agency.

The commission had also warned the four in April last year to stop the price-setting practice, following revelations of bid- rigging on highway toll tickets.

The judge criticized the four for ignoring the warning and continuing with their bid-rigging activities.

FTC Chairman Masami Kogayu promptly released a statement saying that the commission will continue with its filing of criminal complaints in bid-rigging cases. He said the guilty ruling was significant in relation to the functioning of the FTC in connection with the Antimonopoly Law, since the action against the printing firms was the first such complaint the commission had filed.

The ruling will serve as an important precedent for future action against bid-riggers, he said.

Dai Nippon Printing and Toppan Moore said they take the ruling seriously and have introduced measures to ensure such bid-rigging is not repeated.

Building Firm Allegedly Gave Money to Hashimoto

OW1512125293 Tokyo KYODO in English 1230 GMT 15 Dec 93

[Text] Tokyo, dec. 15 KYODO—Former Finance Minister Ryutaro Hashimoto allegedly received donations from the embattled construction giant Kajima Corp., informed sources said Wednesday [15 December].

The sources said Hashimoto allegedly received at least 25 million yen in donations from Kajima's former Vice President, Shinji Kiyoyama, and other officials between 1990 and 1992.

The headquarters of Hashimoto, head of the Liberal Democratic Party's Policy Affairs Research Council, said it is not able to comment on individual donations, but added that it was handling all of the donations "properly."

The sources, however, contended that the donations from Kajima had been received for a long time and most recent loans of 5 million yen were given at the end of 1990 and for the mid-summer and the year-end for both 1991 and 1992.

The donations were handled by Hashimoto's political organization and unregistered support group. The support group managed the 1990 year-end donation of 5 million yen.

Five political groups handled 5 million yen in donations in the summer of 1991, with the remaining 15 million yen being handled in a similar fashion.

The former Kajima vice president was reportedly in charge of the donations to the political figures, but on Wednesday Hashimoto's headquarters denied that anyone in the office knew anyone named Kiyoyama.

The office also claimed that records are only kept for three years, so they did not know anything about previous donations.

The Kajima public relations department also denied knowing anything since the firm's records had been confiscated.

'Sharp Decline' in Public Support for Cabinet

OW1512041793 Tokyo KYODO in English 0357 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—The Cabinet of Prime Minister Morihiro Hosokawa has suffered a sharp decline of its public support rating to 62.8 percent, down 12.2 percentage points from October, showed results of a KYODO NEWS SERVICE opinion poll released Wednesday [15 December].

The drop represented a sharp turnabout for the Hosokawa Cabinet whose support rating had been moving above the 70 percent line since he was swept to power in August as head of a non-Liberal Democratic Party government for the first time in 38 years.

KYODO interviewed 2,069 persons aged 20 or over on Saturday and Sunday at 250 locations throughout the nation. The respondents accounted for 60 percent of the 3,000 pollees initially targeted, who were selected at random.

Despite the drop, the four-month-old Hosokawa cabinet's popularity almost matched that of the government of Prime Minister Toshiki Kaifu which garnered a 63.0 percent support ratio in a KYODO poll in 1990. The Kaifu Cabinet enjoyed the highest support ratio among successive LDP governments.

In the weekend poll, the number of those who said they do not support the Hosokawa cabinet leapt by 9.3 percentage points to 24.4 percent.

Among these critics of the Hosokawa cabinet, 30.2 percent pointed to the instability of the seven-party coalition government, 21.2 percent cited what they saw as the poor performance of Hosokawa's economic policies, and 14.3 percent questioned his ability to accomplish political reform.

Those who voiced their disaffection to Hosokawa's economic policies more than doubled to 21.2 percent from October's 9.2 percent.

Those who chose "lack of leadership" to explain their disapproval of the Hosokawa Cabinet stood at 10.9 percent, while those who chose "unreliable" came to 7.5 percent.

Among those who said they back the Hosokawa Cabinet, 21.6 percent said they place trust in Hosokawa's ability to achieve political reform.

However, the figure represents a sharp drop of 11.5 percentage points from October's 33.1 percent who chose that reason for their support.

The survey showed 32.6 percent back Hosokawa because they see no suitable alternative for the premiership. Such people made up the biggest group among Hosokawa's backers. But 20.9 percent said they back the Hosokawa Cabinet due to their confidence in Hosokawa, while 14.8 percent said they do so because it is not a Liberal Democratic Party Cabinet.

Meanwhile, the poll showed that various new parties, including Hosokawa's own Japan New Party [JNP], are also experiencing dwindling popularity.

The support rating for the JNP sagged to 13.5 percent from October's 17.3 percent while Shinseito (Japan Renewal Party) suffered a 2.2 percentage point drop in its support to 9.7 percent.

Sakigake (Harbinger) now has a 2.6 percent support rate, down from October's 2.7 percent, the poll found.

In contrast, the support rating for the LDP staged an upturn to 27.9 percent from October's 23.8 percent. The LDP has remained the most popular party.

The Social Democratic Party, which suffered a bitter defeat in the July general election for the House of Representatives, also saw its popularity recovering some lost ground, with its support rate edging up to 8.1 percent from October's 7.4 percent.

Komeito also suffered a minor drop in its popularity to 2.9 percent from 3.1 percent, while the Japanese Communist Party's support rate remained unchanged at 2.1 percent.

The Democratic Socialist Party had a 1.8 percent support ratio, up from October's 1.4 percent.

Those who responded that they do not support any party edged up to 25.9 percent from 25.0 percent.

Police Agency Plans Amended Police Law

OW1512000393 Tokyo KYODO in English 2303 GMT 14 Dec 93

[Text] Tokyo, Dec. 15 KYODO—The National Police Agency has decided to submit to the Diet a bill to enable prefectural police investigators and officers to hunt for criminal suspects beyond their own prefectural borders, agency officials said Wednesday [15 December].

The agency plans to table a bill to revise the Police Law in the ordinary Diet session to be convened in late January, the officials said. It will be the first amendment to the nation's police system since 1964.

In Japan, 47 prefectural police headquarters across the country have had exclusive jurisdiction over criminal incidents taking place in their own prefectures.

The draft bill will stipulate that a prefectural police central office can investigate incidents taking place in other prefectures, the officials said.

This will make cooperation between prefectural police headquarters possible and thereby make it easier for police officers to launch effective initial investigations into incidents, the officials said.

In addition, the bill will make it possible for prefectural headquarters to conduct joint enquiries into incidents spreading over more than one prefectural border, the officials said. In the past, police sometimes had to delay their initial hunts for suspects when it involved crossing into a different prefecture.

Nov Debts of Bankrupt Firms Hit 'Record' High

OW1412053593 Tokyo KYODO in English 0434 GMT 14 Dec 93

[Text] Tokyo, Dec. 14 KYODO—The biggest-ever bankruptcy of a second-tier contractor raised the liabilities amassed by firms going bankrupt in November to a new record monthly high, a credit research agency said Tuesday [14 December]. Teikoku Databank said, in a monthly report, that November saw 1,176 cases of business failures, down 11.4 percent from a year earlier and 6.5 percent from a month before.

The bankrupt firms left a total of 1,032,065.00 million yen of debts, up 25.6 percent from the year-earlier levels and a staggering 146.6 percent increase over the previous month. The sum exceeds the previous record of 957,235.00 million yen debts recorded in August 1991, according to the report, which covers bankruptcies involving liabilities of 10 million yen or more.

Teikoku Databank said the largest-ever debts seen in one month could largely be attributed to the failure of Muramoto Construction Co., a Nara-based contractor which filed for court protection from creditors on November 1, with a record 590 billion yen in debts.

The previous biggest bankruptcy was that of Sanko Steamship Co., which folded in August 1985, leaving debts of 520 billion yen.

The agency said the November total of bankruptcy cases is relatively small, because many financially-troubled companies managed to struggle on with aid from public loans. It warned, however, that this situation will not last long, and the total could soon resume its rise.

During the latest reporting month, recession-linked failures caused by sluggish sales, slumping exports, accumulated debts, and bad loans accounted for 741 cases, or 63.0 percent of the total bankruptcies. The proportion was the highest on record.

Strong-yen-induced failures amounted to 16 cases, making November the second straight month to produce a double-digit number of such cases.

Failures of realtors, with 57 cases, were below the year-earlier levels for the sixth consecutive month.

Bankruptcies triggered by the collapse of the "bubble" economy numbered 65, posting the 14th month of year-on-year declines.

Private Machinery Orders 'Plunged' in Oct

OW1412053993 Tokyo KYODO in English 0504 GMT 14 Dec 93

[Text] Tokyo, Dec. 14 KYODO—Orders for machinery by Japan's private sector, a key indicator of corporate capital investment in the coming six to nine months, plunged 31.1 percent in October from the previous month, the government said Tuesday.

The Economic Planning Agency (EPA) said in a monthly report that the private-sector orders, excluding those for ships and from electric power companies, which tend to be volatile, totaled 691.9 billion yen after seasonal adjustment.

Ministry: Nov Trade Surplus Drops 2.2 Percent

OW1412073493 Tokyo KYODO in English 0649 GMT 14 Dec 93

[Text] Tokyo, Dec. 14 KYODO—Japan's merchandise trade surplus in November shed 2.2 percent from a year before to 7.4 billion dollars to cap the consecutive year-to-year gains after 34 months of increase, the Finance Ministry said Tuesday [14 December].

The customs-cleared data is seasonally unadjusted.

Overall exports amounted to 28.38 billion dollars, up 4.1 percent from a year before, and imports totaled 20.99 billion dollars, rising 6.4 percent, the ministry said.

Japan registered an unadjusted surplus of 4.3 billion dollars in its trade with the United States.

Crude Steel Output 'Slumped' in Nov

OW1412073593 Tokyo KYODO in English 0652 GMT 14 Dec 93

[Text] Tokyo, Dec. 14 KYODO—Japan's crude steel production in November slumped to its lowest in six years and nine months, reflecting the prolonged recession, the Japan Iron and Steel Federation reported Tuesday [14 December].

The federation said in a preliminary report that production for the month totaled 7,595,000 tons, down 7.8 percent from the previous month and down 9.1 percent from the year before. It was the lowest output since February 1987, when production totaled 7,261,000 tons.

The federation said production of ordinary steel accounted for 6,185,000 tons, down 8.6 percent from the previous month and down 10.1 percent from the year before.

Output of specialty steel totaled 1,410,000 tons, down 4.4 percent from the previous month and down also 4.4 percent from the year before, it said.

November's production brought the total for the first 11 months of this year to 67,653,000 tons, up 1.3 percent over the same period a year earlier.

The federation said 32 of 44 blast furnaces were in operation in November.

Ordinary and specialty steel in stock at the end of November stood at three million tons and 698,570 tons respectively, the federation said.

Stimulus Measures Should Be 'Top Priority'

OW1412103193 Tokyo KYODO in English 1015 GMT 14 Dec 93

[Text] Tokyo, Dec. 14 KYODO—Former Foreign Minister Michio Watanabe said Tuesday [14 December] the government should give top priority to wrapping up pump-priming measures, instead of extending the current Diet session to discuss political reform bills.

During a lecture, Watanabe, leader of the third largest faction in the opposition Liberal Democratic Party (LDP), said he was "absolutely opposed" to the extension and that the government ' must compile the fiscal 1994 state budget, including stimulus measures, within the year." He added, "The most important thing now is not revising the electoral system but turning the economy around."

The current extraordinary Diet session ends Wednesday but the seven-party ruling coalition asked the Diet Tuesday evening to extend the term by 45 days.

The coalition hopes to pass the government-proposed package of four political reform bills on which Prime Minister Morihiro Hosokawa staked his job. The package passed the House of Representatives in November and has been under deliberation at the House of Councillors.

Watanabe, who also served as finance minister, demanded that the government implement bold financial policies, disregarding the previous proportion of budget distribution.

On opening the nation's rice markets, which the government officially decided earlier Tuesday, Watanabe said it is unavoidable for Japan to import certain amounts of rice.

Watanabe said he did not blame only Hosokawa for deciding on rice imports, indicating his opposition to a possible move by the LDP to submit a nonconfidence motion against the Hosokawa cabinet.

Takemura: Government Studies Third Extra Budget

OW1512031993 Tokyo KYODO in English 0301 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—The coalition government of Prime Minister Morihiro Hosokawa is exploring the possibility of drawing up a third supplementary budget for fiscal 1993 to bring the nation out of its prolonged slump, Chief Cabinet Secretary Masayoshi Takemura said Wednesday [15 December].

"It is true the government is seriously discussing the possibility of any kind as it focuses special attention on the state of the Japanese economy," the top government spokesman said at a news conference. "And in this context, the possibility of an extra budget is being discussed," he said.

Takemura made the comment after Finance Minister Hiroshisa Fujii hinted in a House of Councillors Budget Committee session that the government will move to compile another supplementary budget to kick-start the stagnant economy.

Hiraiwa Panel Plan To Revive Economy Previewed

OW1512073293 Tokyo KYODO in English 0719 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—A blue-ribbon panel will stress the need to rev up the nation's economy and cut the huge current-account surplus in a final report to be presented Thursday [16 December] to Prime Minister Morihiro Hosokawa.

A copy of the draft document, prepared by the advisory group for economic restructuring, was obtained Wednesday by KYODO NEWS SERVICE.

The advisory panel, headed by business leader Gaishi Hiraiwa, sets five pillars in reshaping the economic structure—deregulation, growth led by domestic demand, a comprehensive welfare policy designed to cope with the aging of the society, market opening and foreign aid, and fiscal reforms and revitalization of capital markets.

As for deregulation, the final report recommends the establishment of a powerful third-party organization empowered to make recommendations to the government to head off opposition from bureaucrats.

In an interim report presented last month, the panel urged the government to eliminate excessive regulations that hinder business activity and keep consumer prices high, saying that an easing of such regulations should create more business opportunities and jobs.

The final report cites four main targets in reshaping the economy—transparency in the society and economy, a creative and vigorous society, a people-oriented society and a society in harmony with the rest of the world.

The report's main recommendations include:

—Establishment of a powerful third-party watchdog to monitor progress in government deregulation.

—Strict enforcement of the antimonopoly law and establishment of comprehensive legislation on product liability to protect consumers from damage caused by defective products.

—An overhaul of the education system to raise internationally accepted people with creative minds.

—Promotion of high-technology research facilities.

—Expansion of official development aid, increasing acceptance of foreign students and rearing of foreign aid experts.

—Making it easier to make transactions in real estate and taking measures to help small and medium-sized businesses weather the recession.

Takemura Aims To Draft 1994 Budget Within Year

OW1512085793 Tokyo KYODO in English 0845 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—The government is still aiming to compile the fiscal 1994 national budget before the end of this year, Chief Cabinet Secretary Masayoshi Takemura said Wednesday [15 December].

"The government is seriously striving to meet its goal of drawing up the next fiscal year's budget within this year," the top government spokesman said at a news conference.

Takemura's comments came amid speculation that the compilation of the state budget for fiscal 1994, which begins next April 1, will be delayed into early next year, due to anticipated Diet deliberations on political reform aimed at rooting out the corruption endemic in Japanese public life.

"Basically, we are still determined to compile the budget within the year," he said.

Earlier the same day, Takemura also said the coalition government of Prime Minister Morihiro Hosokawa is exploring the possibility of drawing up a third supplementary budget for the current fiscal year to bring the country out of its prolonged economic slump.

"It is true the government is seriously discussing the possibility, as it focuses special attention on the state of the Japanese economy," Takemura said.

He made the comment after Finance Minister Hirohisa Fujii hinted in a House of Councillors Budget Committee session that the government will move to compile another supplementary budget to jump-start the stagnant economy.

In the upper house budget committee, Hosokawa, however, indicated that it would be difficult for the government to compile the 1994 budget draft by year's end.

"I am exploring the possibility of compiling the budget by the end of the year although I am well aware of the difficulty. I will have to make a decision on the matter in a day or two," he said.

The committee resumed its debate on the second supplementary budget measure Wednesday afternoon after being stalled over Fujii's remarks on the third supplementary budget.

LDP Protest Stalls Upper House Budget Panel

OW1512052393 Tokyo KYODO in English 0505 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—Business in a Diet committee came to a halt Wednesday [15 December] when opposition members refused to continue debate after Finance Minister Hirohisa Fujii suggested a possibility of the government compiling a third supplementary budget.

Wednesday is the last day of the current 90-day session, but the ruling coalition is seeking a 45-day extension.

The House of Councillors Budget Committee had to be adjourned at about 10:30 A.M. after the opposition Liberal Democratic Party (LDP) refused to continue debate.

It said the government should reshape the second supplementary budget rather than trying to bring in a third one, and then work out by the year-end a budget for fiscal 1994, starting next April, to lift Japan out of its economic slump.

In reply to a question from a LDP lawmaker, Fujii indicated the coalition's plan to submit another supplementary budget in January to an extended Diet session.

Prime Minister Morihiro Hosokawa, however, avoided referring to the third budget, telling the committee, "the government will do its utmost to enact the second supplementary budget."

The second 708.7 billion yen budget is due to be passed by the upper house by late Wednesday night. It was approved by the more powerful House of Representatives on December 8.

The seven-party coalition government has called on the speaker of the lower house, Takako Doi, and upper house President Bunbei Hara to ask the two chambers to agree to a 45-day extension of the current Diet session until January 29.

Diet Passes 708.72 Billion Yen Budget

OW1512150293 Tokyo KYODO in English 1455 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 KYODO—The Diet enacted the government's new 708.72 billion yen budget Wednesday [15 December], incorporating a large chunk of a fiscal package unveiled in September to prop up the economy.

The second extra budget, combined with an earlier one in June, boosts general account expenditures for fiscal 1993, ending next March 31, to 75,252.26 billion yen from the initial 72,354.8 billion yen.

The final Diet approval came at a plenary session of the House of Councillors, and attention is now fixed on when the fiscal 1994 budget will be formed and whether the government will launch a third extra budget.

Government leaders, including Finance Minister Hirohisa Fujii and Chief Cabinet Secretary Masayoshi Takemura, hinted Wednesday at the third budget to further stimulate the still stagnant economy.

The second budget, prepared by the ruling coalition of Prime Minister Morihiro hosokawa, earmarks 600.37 billion yen to finance 1 trillion yen worth of social infrastructure projects set out in the 6.15 trillion yen stimulus package in September.

Also included in the fiscal plan is 339.22 billion yen for disaster relief programs, 77.1 billion yen to assist small ailing companies and 97.17 billion yen to help farmers and small businesses hit by the wet, cool summer.

Meanwhile, the new budget trims such expenditures as tax grants to local governments by 1,667.52 billion yen and suspends the transfer of 3 trillion yen to the debt consolidation fund, thus bringing the entire extra package to 708.72 billion yen.

These measures were taken to avoid issuing deficit-covering bonds amid an expected shortfall in tax revenues.

The new budget also adds some 282 billion yen to the fiscal investment and loan program to boost public lending mainly for housing and small businesses.

It estimates that tax revenues will fall short by 5,447.00 billion yen from the sum projected under the first extra budget, and says 3,616 billion yen worth of construction bonds will be floated.

As a result, the government's dependence on bond issues comes to 18.6 percent of general account expenditures, compared with 11.2 percent under the initial budget and 13.9 percent under the first revised budget.

The new ratio is the highest since 21.0 percent posted in fiscal 1986, making it difficult for the government to attain its goal of slashing the dependency ratio to 5.0 percent in fiscal 1995.

North Korea

Kim Yong-Sam's Visit to Army Units Viewed

SK1512050193 Pyongyang KCNA in English 0425 GMT 15 Dec 93

[Text] Pyongyang, December 15 (KCNA)—The traitor Kim Yong-sam visited puppet army units Tuesday, inciting a war fever, according to a radio report from Seoul.

The traitor alleged that "the North is bent on war preparations" and "might perpetrate an adventurous military provocation."

His hostile outcry to carry the situation on the Korean peninsula to the extreme pitch of strain is an open challenge to the North.

It is not hard to see why Kim Yong-sam the puppet abruptly showed up at puppet army units and let loose a string of rubbish against the North, reversing black and white.

Upset by the massive resistance of the people against his opening of the rice market of South Korea, the traitor sought to divert elsewhere their attention and prolong his days by spreading a false rumour about "armed provocation" of the North.

Lurking behind his outburst is also a sinister intention to establish an "international cooperation system" over the fictitious "nuclear issue" of the North and justify and step up his clique's war preparations to stifle it. Suffice it to recall that he visited the puppet army units at a time when the seditious forces were raising a hue and cry over "threat from the North" and cut a shine about its "nuclear development" and blared that the South Korea-U.S. "combined forces" must build up "capabilities and posture" for "smashing any provocation of the North."

Facts clearly prove that Kim Yong-sam is a flunkeyist traitor to the nation who leaves no stone unturned in a bid to massacre fellow countrymen by force of arms while inflicting distress on the South Korean people.

Only self-destruction is in store for the traitor Kim Yong-sam.

South's Opening Agricultural Market Noted

SK1512042493 Pyongyang KCNA in English 0409 GMT 15 Dec 93

[Text] Pyongyang, December 15 (KCNA)—The South Korean puppets held negotiations with the United States in Geneva on December 13 and settled in a package deal the question of opening the market for 15 kinds of agricultural products including rice, according to a radio report from Seoul.

As a result, U.S. surplus farm produce will legally flood the South Korean market, ruining the agriculture of South Korea handed down from the forefathers.

This treacherous step bowing to the U.S. "strategy" for colonial profits is an anti-national crime which will increase the dependence of South Korea, a colony, on the U.S. imperialists and intensify their plunder.

'Peasants' in North Denounce Opening

SK1512042993 Pyongyang KCNA in English 0403 GMT 15 Dec 93

[Text] Pyongyang, December 15 (KCNA)—Peasants in the Northern half of Korea are strongly denouncing the Kim Yong-sam puppet clique's treacherous act in opening the rice market.

Labor hero Yi Ok-sang, chairwoman of the management board of the Kochang cooperative farm, Chollima District, Nampo Municipality, said:

"The traitor Kim Yong-sam went to the United States and promised in secrecy the liberalization of rice import which former dictators had not dared do and meekly yielded to the pressure for rice market opening at the Uruguay Round talks. This is the biggest treason.

"Such act clearly indicates that he is a despicable political imposter who is addicted to fraud and deception and a rare flunkeyist traitor who unhesitatingly betrays all the interests of the nation to remain in power as a colonial stooge, currying favor with outside forces."

Labor hero Kim Myong-yon, chairwoman of the management board of the Changchon cooperative farm, Sadong District, Pyongyang, said the traitor Kim Yong-sam opened the rice market in exchange for the establishment of an "international cooperation system" against the DPRK as regards the nuclear issue and objection to the DPRK-proposed formula of a package solution of the issue.

"This is a modern version of the treachery committed by the 'five traitors of Ulsa (1905)'", she added.

Noting that the South Korean people's struggle against the liberalization of rice import is a just struggle for defending the dignity of the nation, agriculture of South Korea and the vital rights of its peasants, she stressed that the Kim Yong-sam traitorous clique must be sternly punished by the fellow countrymen.

Reunification Committee Comments

SK1512061393 Pyongyang KCNA in English 0439 GMT 15 Dec 93

["Crime of Traitor Kim Yong-sam in Opening Rice Market Denounced"—KCNA headline]

[Text] Pyongyang, December 15 (KCNA)—The secretariat of the Committee for the Peaceful Reunification of the Fatherland published Information No. 639 on December 14 on the growing struggle among the South Korean people of all walks of life against the criminal act of the traitor Kim Yong-sam who secretly promised rice market opening during his trip to the United States and concealed it.

"The traitor Kim Yong-sam made a poor excuse in his 'special statement', mumbling that he had to take an 'unavoidable step' to prevent international isolation. But it was fully exposed in less than two days that this was a ruse to deceive and mock the people," the information says, and goes on.

"The traitor Kim Yong-sam, in actuality, threw away like a pair of wornout shoes his promise that he 'will block rice market opening by staking presidency' and, after secretly promising to his U.S. master that he would open the rice market, though it would kill the farmers and destroy agriculture, concealed this as if nothing had happened. Now he is being denounced as a colossal liar with everything dragged into the light of day.

"The South Korean puppets driven into a corner began to openly brandish the sword of fascism, totally casting off the 'civilian' veil.

"The fascist clique let loose tens of thousands of combat police in a brutal crackdown on the people who were holding protest rallies and demonstrations in Seoul, Kwangju, Pusan and other places against rice market opening and arrested and detained a large number of people and, as if this were not enough, is scheming to take even an 'emergency step'.

"But the South Korean farmers and people of other strata will wage a more undaunted struggle to check and frustrate the criminal opening of the rice market, not deceived by the lie of the Kim Yong-sam group nor yielding to the repression by it forcing death on them".

Koreans in Japan Oppose Opening

SK1512060793 Pyongyang KCNA in English 0411 GMT 15 Dec 93

[Text] Tokyo, December 13 [date as received] (KNS-KCNA)—The Federation of South Koreans in Japan for Democracy and Unification, a Mindan-lining [as received] organisation, made public a statement on December 10 opposing rice market opening by the Kim Yong-sam puppet regime.

The statement said that rice market opening in South Korea will add pressure on the farmers' right to existence which has been trampled upon by the policy of the successive military dictatorial "regimes" for stifling the countryside, and will devastate agriculture.

It warmly supported the South Korean people in their struggle against rice market opening.

The statement demanded that the puppet authorities accept the people's demands and cancel the agreement on opening the rice market.

Foreign Support for DPRK-U.S. Talks Noted

SK1512012293 Pyongyang KCNA in English 1023 GMT 14 Dec 93

[Text] Pyongyang, December 14 (KCNA)—The world public says the nuclear problem of the Korean peninsula can be fundamentally solved only through the DPRK-USA talks, not by "sanctions" or pressure.

After the first and second stages of the DPRK-USA talks in June and July political and public figures of more than 100 countries of the world hailed and supported the success of the talks and foreign news media carried reports and commentaries in this regard, totalling 4,200 items.

Political and public figures and organisations of many countries of the world that love justice and peace, international and regional organisations and news media exposed and denounced the moves of the imperialists and reactionaries to stifle the DPRK with the fictitious "nuclear problem", obstructing the third stage of the talks.

The Peruvian Communist Party in a statement charged that though the Democratic People's Republic of Korea provided all conditions, taking flexible steps transcending the agreement reached at the talks between the DPRK and the USA, the third stage of the talks has not yet been held because the United States led the talks to a rupture with new preconditions and is resorting to the method of pressure.

The general secretaries of the Teachers Association, the Union of Railway Workers and the National Union of Students of Uganda in a joint statement called the anti-DPRK campaign a "Strange and Dirty Political Plot Unprecedented in the International Relations" and the general secretary of the Communist Movement for New Yugoslavia and other foreign political figures and media of Romania, Peru, Nigeria and other countries of the world exposed the essence of the anti-DPRK campaign of the hostile forces and said that with no pressure and attack can the imperialists frighten the Korean people.

Try Sutrisno, vice-president of Indonesia, expressed the hope that the DPRK-USA talks on the nuclear problem would continue from a frank and unbiased position and Salmin Amour, second vice-president of Tanzania, warned that the United States should no longer aggravate the situation on the Korean peninsula.

The chairman of the Nepal Workers and Peasants Party, the director general of the International Organisation Department of the Iranian Foreign Ministry and the Mozambican Committee for Friendship with the People of the DPRK said that as the nuclear problem of the Korean peninsula was caused by the United States, the problem should be solved at the talks between the DPRK and the United States, and urged the United States to discard the hostile policy vis a vis Korea and accede to the formula of package solution proposed by the DPRK.

France Amity Association Criticizes Clinton

SK1512051993 Pyongyang KCNA in English 0420 GMT 15 Dec 93

[Text] Pyongyang, December 14 (KCNA)—The France-Korea Friendship Association brought out its bulletin on December 3.

The bulletin in an article titled "What Does Washington Seek in Aggravating Situation on the Korean Peninsula" says the U.S. President, Clinton, announcing the results of the U.S.-South Korea "summit talks" some time ago, threatened the Democratic People's Republic of Korea that has called for solving the nuclear problem by the formula of a package solution.

A fair solution of the nuclear problem on the Korean peninsula requires both sides to mutually respect the principles agreed upon at the DPRK-USA talks on the principle of equality, the bulletin says, adding that the friendship association maintains that the nuclear problem and the question of peaceful reunification of the Korean peninsula should be solved in favor of the Korean and the U.S. people and peace in Asia and the rest of the world.

The bulletin informs the readers that the friendship association will organize a photo exposition, a film show and a craftworks exhibition on Korea in the "week for learning about Korea" due to be held in Paris from December 13 to 18.

All-China Trade Union Delegation Arrives

SK1512044993 Pyongyang KCNA in English 0413 GMT 15 Dec 93

[Text] Pyongyang, December 15 (KCNA)—A delegation of the all-China Federation of Trade Unions headed by its Vice-president Li Qisheng arrived here Tuesday.

The delegation was met at the airport by Yi Chin-su, vice-chairman of the Central Committee of the General Federation of Trade Unions of Korea, and a councillor of the Chinese Embassy here.

Kim Il-song Sends Message to Kazakh President

SK1512123993 Pyongyang KCNA in English 1030 GMT 15 Dec 93

[Text] Pyongyang, December 15 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of greetings to Kazakh President Nursultan Nazarbayev on the national day of Kazakhstan.

President Kim Il-song in the message expressed the belief that the friendly and cooperative relations between the two countries would continue to develop.

Algerian Front Leader Supports Reunification

SK1512011493 Pyongyang KCNA in English 1016 GMT 14 Dec 93

[Text] Pyongyang, December 14 (KCNA)—The general secretary of the Central Committee of the Algerian National Liberation Front, Abdel Hamid Mehri, voiced support for the Korean people's cause of national reunification on December 7 when he met the Korean ambassador.

He wholeheartedly wished the great leader President Kim Il-song and His Excellency dear Kim Chong-il long life in good health and greater success in the efforts for the prosperity and development of the country and for national reunification.

He expressed full support for the struggle of the Workers' Party of Korea and the Korean people to consolidate the sovereignty of the nation and achieve the independent and peaceful reunification of the country.

Kim Il-song Gets Solidarity Letters From Peru

SK1512053293 Pyongyang KCNA in English 0407 GMT 15 Dec 93

[Text] Pyongyang, December 15 (KCNA)—The great leader President Kim Il-song received messages of solidarity from party leaders of Peru on the occasion of the 18th anniversary of the adoption of a resolution of the 30th session of UN General Assembly on turning the armistice into a durable peace in Korea and creating a favourable condition for the promotion of the independent and peaceful reunification of Korea.

The messages were sent by General Secretary of the C.C. [Central Committee], the Communist Party of Peru (Red Motherland) Alberto Moreno, National Secretary General of the Socialist Political Action Party of Peru Gustavo Mohme Ryona, President of the National Executive Committee of the Left Revolutionary Union of Peru Angel Castro Lavarello and National Coordinator of the Left Democratic Movement of Peru Oscar Ugarte Ubilluz.

In the messages they said the Democratic People's Republic of Korea took a significant and practical step for the guarantee of nuclear activities, but the U.S. side has taken no practical step and rather continued its hostile policy and threat to the DPRK, spreading false reports about the DPRK.

The messages noted the United States should take a practical action of abandoning the anti-DPRK policy of nuclear threat.

They expressed full support to the DPRK's proposal to settle the nuclear problem on the Korean peninsula in a package deal and urged the United States to accede to it.

Struggle To Implement Economic Strategy Urged

SK1412143693 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 13 Dec 93

[NODONG SINMUN 13 December Editorial: "Let Us Accelerate the General Onward March of Socialism by Bringing Into Full-Play the Revolutionary Spirit of Self-Reliance"]

[Text] The recent 21st plenary meeting of the Sixth Central Committee of the Workers' Party of Korea summed up the fulfillment of the Third Seven-Year Plan and the immediate orientation of economic construction, and adopted a relevant decision.

The great leader Comrade Kim Il-song, in the plenary meeting, gave a programmatic teaching on developing and strengthening the socialism of our own style by vigorously accelerating the general onward march of socialism in conformity with the demands of developing realities of our revolution.

The plenary meeting is a historic meeting which brought about an epochal change in highly displaying the superiority of the socialism of our own style and further strengthening its might by solidifying the achievements made in the Third Seven-Year Plan and by accelerating socialist economic construction under the wise leadership of the party and the leader [suryong].

Based on its profound insight into the changed environment and the realistic demands of the socialist construction in our country, our party set the next two or three years as a grace period for socialist economic construction and presented its strategic policy on giving priority to agriculture, light industries, and trade during the period.

Policies adopted in the plenary meeting are designed to realize our people's long-cherished desire that all the people eat rice and meat soup, wear silk clothes, and live in tile-roofed houses in the near future, and to actively arouse all the party members and workers to the movement to further add luster to the popular mass-oriented socialism of our own style.

Upholding the party's militant appeal, all the party members and workers, overflowing with new confidence and fortitude, rise as one to the struggle to implement a decision set forth in the plenary meeting. The plenary meeting fully displayed the wise leadership of the party and the leader [suryong] under which the struggle to implement the Third Seven-Year Plan has been carried out.

Our party and people have striven to fulfill the Third Seven-Year Plan under the most complex and acute situation created at home and abroad. The international atmosphere, including the collapse of the socialist market of the world, created big obstacles on our socialist economic construction, and the U.S. imperialists and the South Korean puppet regime stepped up maneuvers of aggression against our Republic. Under such circumstances, we had no choice but to divert a big proportion of the economy to national defense. Had we diverted this to the light industry, the living standard of the people would have been promoted further.

Our party, with a deep insight into the changed international circumstances and the situation growing acute, set forth a revolutionary policy of completing the economic structure in such a manner as to increase the economic independence of the country further still so as to subsist by our own efforts under any circumstances, readjusting the rate of economic growth envisaged in the Third Seven-Year Plan and reducing the scope of the economy, and of making a switchover in the external economic relations to suit the changed situation.

Our heroic working-class and all workers, who are endlessly loyal to the party and the leader [suryong], registered new miracles and brilliant feats in socialist economic construction by highly displaying the revolutionary spirit of self-reliance and hard struggle and a sense of peerless patriotic devotion and by upholding the revolutionary policy set forth by the party.

Our people confidently traversed along the single road of revolution by following the party without slightest degree of wavering even under arduous circumstances. With iron-clad faith and will, "What the party decides, we will do!" we tenaciously and persistently fought by heroically overcoming all difficulties and trials.

Thanks to the heroic struggle of our people united in one mind around the party and the leader, a great progress has been made in socialist economic construction and the improvement of the people's standard of living in the Third Seven-Year Plan period despite the fast-changing situation and manifold difficulties.

Such achievements powerfully demonstrate the peerless superiority and the might of socialism of our own style which were undaunted by the imperialists' economic embargo and the world's economic crisis. This also shows the vitality of our country's economy which is developing in planned way on the basis of self-reliance.

Today, we have before us lie the tasks of solidifying the accomplishment achieved in the Third Seven-Year Plan, further consolidating the might of socialism of our own style, and fully displaying its superiority. In order to carry our the tasks successfully, it is important for all the party members and workers to highly display the revolutionary spirit of self-reliance and hard struggle upholding the militant appeal of the party and the leader [suryong].

The dear leader Comrade Kim Chong-il has noted: As we advanced by upholding the revolutionary banner of self-reliance and hard struggle in the past, we, upholding the same banner, must complete the socialist cause by smashing the antisocialist maneuvers of the imperialists and reactionaries.

Self-reliance and hard struggle are resolute revolutionary stands of completing the revolution and construction with one's own power, and indomitable revolutionary spirits of adhering to the banner of revolution in whatever trials and difficulties. The road to display the dignity and pride of the country and the nation, and build the most firm and vital socialism lies in self-reliance and hard struggle.

For our people to highly display the revolutionary spirit of self-reliance and hard struggle is an important demand in carrying out the revolutionary economic strategy of the party.

Stressed in the plenary meeting are the need to increase state investments in agriculture, the light industry, and foreign trade, powerfully accelerate their development in accordance with the revolutionary economic strategy set forth by the party, and further increase the independence and might of our economy.

In the sector of rural economy, we should complete the technological revolution in rural areas and carry out farm work in a scientific and technological way in accordance with the demand of the chuche farming method, so that we may promote the level of all sectors of agricultural production to a higher one.

By accelerating the light industrial revolution, we should remarkably increase production of various textile products, daily necessities, processed food by increasing production of chemical textile, synthetic resins, and other raw materials for light industries, and will diversify sorts of consumer goods and improve their quality remarkably.

We should firmly prepare export goods production bases in all sectors of the national economy, increase and intensify the production of export goods, and actively seek foreign markets so that a new turning point can be brought about in developing trade with foreign countries.

Truly, the tasks arising in implementing the party's revolutionary economic strategies are immense. The revolutionary spirit of self-reliance and hard struggle should be highly demonstrated in order to implement the heavy tasks successfully. Only when we wage the struggle to implement our party's revolutionary economic strategy from a revolutionary stand of relying on our strength, technology, and natural resources under all circumstances can we accelerate the socialist construction successfully.

For all the people to highly demonstrate the revolutionary spirit of self-reliance and hard struggle comes as a firm guarantee to resolutely smash challenges of the imperialists and reactionaries and to fully display the might of the socialism of our own style.

The socialism of our own style is the chuche socialism which was set up by our people's own strength under the wise leadership of the party and the leader [suryong]. We, with our own strength, solved all problems arising in the socialist construction from a chuche stand under all circumstances.

Only when we maintain the same struggle spirit, can we resolutely smash all manner of challenges and obstructions of the imperialists and reactionaries, staunchly defend the socialism of our own style, and firmly safeguard the dignity and honor of the country.

Today, our prospect is bright and promising, and our strength is inexhaustible. We have the great party's seasoned leadership and the might of the popular masses who are firmly united around the party with one ideology and will. We have a powerful and self-reliant national economy and abundant resources with which we can be self-sufficient for food, clothes, and housing under any situation.

We should have the great pride and dignity of having the wise leadership of the party and the leader, and the boundless might of socialism of our own style. We, moreover, should have an unshakable resolution and determination to do the revolution by firmly believing in our strength.

What is important in effecting a new upsurge in socialist construction under the revolutionary banner of self-reliance is that all party members and workers fight till the end with the spirit of Chollima spurred on by the speed of the 90s.

In the postwar days, the internal and external atmosphere for our revolution was truly grim. The U.S. imperialists and the South Korean puppet cliques ran amok in creating northward invasion commotions, and international revisionists and factionalists completely infected with flunkeyism viciously attempted to challenge the party.

Then, we had to expedite basic socialist construction from empty grounds in which nothing but a lump of ash was left behind by smashing all sorts of maneuvers of the enemies at home and abroad. Our people, however, audaciously broke the deadlock with firm determination that we will one day stand on our feet again without fail as long as there are the tested leadership of the party and the leader [suryong], and territories and the gains of the revolution defended by blood.

Were it not for the iron-clad will and the untiring revolutionary spirit of doing self-reliance on the basis of firmly believing in the party, the world-startling grand undertaking of the Chollima march would not have been accomplished.

All party members and workers should advance and advance again and struggle and struggle again with the tenacious Chollima spirit cherished by the working people in Kangson who produced 120,000-ton of steel billet from the blooming mill with only 60,000-ton capacity when everything was short and difficult, and with the militant spirit with which they manufactured modern mechanical facilities while waging difficult struggle with their own strength.

"Let us effect a great upsurge in economic construction with the spirit of adding the speed of the nineties to Chollima!" This is our party's call and our people's slogan for struggle.

For all people to live and struggle with the spirit of self-reliance and with the Chollima spirit, they should have a firm resolution and determination to adhere to and glorify the banner of socialism to the end by trusting in our own strength and with our own strength. Our people will not discard the spirit of independence even if someone gives pressure on us, nor will we rely on other people even in the face of difficulties. The will of our people to bloom the socialist ideal on this land with our own strength, wisdom and natural resources will not change in the future, just as it did not in the past.

All party members and workers should further consolidate the thorough position to carry to accomplishment the chuche socialist cause, which was pioneered by the great leader Comrade Kim Il-song and is being led by the dear leader Comrade Kim Chong-il, with our own strength. We should tenaciously struggle with full confidence.

We should regard the revolutionary lines and policies consistently maintained by our party and our party's revolutionary economic strategy as most just ones, and should always think and act in our own way at any place and any time.

Just as in the post-war days when we created marvelous miracles one after another by boldly crushing various forms of passivity, conservatism and technological mysticism and by regarding the party's decision and directive as the supreme demand of the revolution, we should unconditionally implement the economic tasks assigned by the party with persistent revolutionary spirit.

All party members and workers should highly demonstrate the revolutionary spirit to carry out without fail the national economic plans assigned to their domains and units by making what is not available and discovering what is lacking.

It is an important demand for embodying the revolutionary spirit of self-reliance to strengthen the struggle for conservation and for production increase in all domains by fully mobilizing our economic potentials and limitless natural resources in our country.

All party members and workers, cherishing a sense of ardent patriotism to treasure our natural resources and assets, should persistently struggle to develop the economy by depending on our own raw materials and fuel and to implement the gigantic economic tasks with our own technology, materials and facilities.

All domains of national economy should properly keep production facilities and should carry out organizational work for management of facilities and labor power and for supply of materials. Thus, they should fully demonstrate the might of our self-reliant economy in production and construction by fully operating all facilities. At the same time, we should highly display the spirit of saving even one watt of electricity, a piece of coal and a drop of oil.

We should fully mobilize our limitless production potentials in implementing our party's agriculture-first policy, light industry-first policy and trade-first policy.

Today enhancing the militant functions and role of party organizations at all level is very important in making all people more highly demonstrate the revolutionary spirit of self-reliance according to the party's militant appeal.

Party organizations at all levels should actively carry out the organizational and political work to infiltrate the great leader Comrade Kim Il-song's teachings to the plenary meeting and the spirit of the plenary meeting deeply into the party members and workers.

Party organizations should timely formulate revolutionary measures to implement the decisions of the plenary meeting in their domains and units and should vigorously inspire functionaries, party members and workers to implement them.

In particular, commanding members of the revolution should lead their march at the van with the strong will for self-reliance.

All guiding functionaries should always examine if they live just as the time when they did the spade work in the wasteland after the war, and should voluntarily join in difficult works. Thus, they should fulfill the honorable mission as revolutionary fighters in the struggle to implement the revolutionary economic strategy.

Our people's determination to carry to accomplishment the socialist cause with our own strength by following the party's leadership is firm and the future of our revolution is bright.

Let us all effect a new great upsurge in socialist construction with the strong revolutionary spirit of self-reliance by upholding the leadership of the party and the leader. Thus, let us endlessly glorify our-style socialism.

Kim Chong-il's Rural Construction Theses Lauded

SK1512123593 Pyongyang KCNA in English 1028 GMT 15 Dec 93

["Theses on Rural Question Is Great Program for Successfully Accelerating Socialist Rural Construction"—KCNA headline]

[Text] Pyongyang, December 15 (KCNA)—NODONG SINMUN today carries a by-lined article headlined "Rural Theses Is Great Program for Successfully Accelerating Socialist Rural Construction".

The article quotes the dear leader Comrade Kim Chong-il as saying:

"'The theses on the socialist rural question in our country', which was published by the great leader comrade Kim Il-song is our party's programme for rural development and its blueprint for finding the ultimate solution to the rural question."

The great leader who had deeply seen through the enormous significance and importance of the solution of the rural question in the socialist society from early years worked out and published the theses on the socialist rural question so as to put forward the most correct program of socialist rural construction, the article says, and continues:

The rural theses advanced by the respected leader is a program of socialist rural construction based on the chuche idea and a classical work which gave the first overall answers to all the theoretical and practical questions arising in the solution of the rural question in history.

The rural theses is a great program of socialist rural construction firstly because it makes it possible to revolutionize and working-classize the peasants and firmly prepare them to be true chuche-type communist revolutionaries by dynamically accelerating the ideological and cultural revolutions in the countryside.

Unless the peasants, the masters of the socialist countryside who are in charge of rural construction, are educated and remoulded along communist line, it is impossible to smoothly solve any task arising in the construction of the countryside such as the elimination of the class distinctions between the working class and the peasantry and consolidation of the material and technical foundations of the rural economy.

With the work of remoulding man to revolutionize and working-classize the peasants promoted vigorously in our country under the guidance of the party, all the agricultural working people have been freed from outdated ideas and customs left behind by the exploiter society and have assumed the features of the chuche-type communist man, the man of new type.

The rural theses is a great program of the construction of the socialist countryside next because it provides a firm guarantee to steadily strengthen the material and technical foundations of the rural economy and realize property of the whole people by powerfully accelerating the rural technical revolution.

To strengthen the material and technical foundations of the rural economy and develop cooperative property into property of the whole people is an important guarantee for the full display of the advantages and vitality of the socialist rural economic system and dynamic acceleration of rural construction.

In our country, overall irrigation and electrification have been completed, the comprehensive mechanization and extensive use of chemicals in agriculture are on a high stage and agricultural production is rapidly developing on a modern scientific and technical foundation with the thorough application of the chuche method of farming.

The rural theses is a great program of the construction of the socialist countryside next because it makes it possible to further consolidate the rural economic system and lift the rural communities to the level of the town in all spheres by strengthening the leadership and assistance of the party and state to the countryside and all-people support to it.

To lift the countryside to the level of the town is an important task arising in rural construction, and it can be satisfactorily fulfilled only when all-people support is strengthened under the leadership and assistance of the party and the state.

In the past period the active leadership and assistance of the party and the state to the countryside has been strengthened and rural construction has been promoted fast along the road indicated by the rural theses, with the result that our countryside has made a leaping progress in all spheres and has turned into a modern one good to work and live in.

The reality of our country today convincingly proves that the rural theses is a great program of rural construction which makes it possible to successfully carry out any task arising in the construction of the socialist countryside and we can powerfully demonstrate the advantages and vitality of the socialist agricultural system and finally solve the rural question when we advance along the road indicated by the theses.

Over 160 Units in Pyongyang Hit Yearly Targets

SK1512051393 Pyongyang KCNA in English 0416 GMT 15 Dec 93

[Text] Pyongyang, December 14 (KCNA)—Industrial establishments of Korea are fulfilling their yearly plans one after another.

In Pyongyang, more than 160 factories and enterprises carried out their yearly plans one or two months ahead of schedule.

The city's total industrial output value this year had increased 6 percent by the end of November as compared with the same period last year.

The Kangdong District coal mining complex, the Pyongyang thermal power complex, the Kim Chong-tae electric locomotive complex, the west Pyongyang locomotive corps and many other coal mining, power and railway transport units beat their yearly targets more than one month ahead of schedule by operating all the equipment at full capacity.

The Pyongyang rubber daily necessities factory honored its yearly assignments on September 15 and the Naknang disabled soldiers' plastic daily necessities factory on October 9.

The Pyongyang metal building materials factory, the Pyongyang electric building materials factory, the east Pyongyang metal fixtures factory, the Pyongyang building stones factory and many other factories of building materials fulfilled their yearly plans ahead of schedule to supply enough fixtures and building materials to the construction sites in the capital.

South Korea

Further on Results of Geneva GATT Agreement

Prime Minister Reports on Results

SK1512094093 Seoul KBS-1 Television Network in Korean 0807 GMT 15 Dec 93

["Report" by ROK Prime Minister Hwang In-song on the "Result of the Uruguay Round Negotiations" at the 20th General Meeting of National Assembly—live]

[Text] Esteemed speaker and National Assemblymen:

I will report on the contents of the settlement of the Uruguay Round [UR] negotiations, for which you, the assemblymen, extended great interest and support in the past together with the people. I will also report on the government's policies and measures to cope with this.

Before I make this report, I, representing the government, express sincere thanks to you, the assemblymen, for showing your great interest in the negotiations in expectation of better negotiation results during the period when the UR negotiations, including the issue of our rice market opening, were ongoing and for your advice, encouragement, and wisdom offered to us.

The UR negotiations, which dragged on over the past seven years, were the negotiations among multilateral parties. Therefore, everything was not solved as we intended. However, we made persistent efforts to secure our national interests to the maximum to the last minutes in firm unity between the people and the government as one. As a result, on the whole, the UR negotiations have been resolved affirmatively.

As for the issue of the opening of rice over which you, assemblymen, were concerned, the government assumed it as the firm will to defend it to the last. However, this issue could not be the exception from the UR negotiations. Thus, we had to accept the minimum, partial opening.

On 9 December, President Kim Yong-sam announced a statement of sincere apology to the people for having to open the rice market even partially. Taking this opportunity, however, the government regrets again being unable to perfectly prevent the opening as it originally planned, and sincerely apologize to the assemblymen and to the people for this.

On the other hand, through persistent negotiations, the government made a decision on a tariffication grace period of 10 years, the longest in the UR Treaty, and decided to have another negotiation in the last year of the grace period on whether to apply tariffication or not.

It has been agreed that during the grace period, partial import in the first year will be limited to one percent of total rice consumption. This will be gradually increased by 0.25 percent every year so that the volume will be one to two percent in the first five years, and two to four percent in the later five years.

This condition is far superior to the five- to six-year grace period and three- to five-percent minimum market opening unilaterally applied in multilateral negotiations. Within the boundary of the principles of the UR negotiation, our country had the most advantageous results than other countries' agricultural products negotiation results. It is judged that the volume is manageable so as not to affect our country's rice market.

As to the beef, it was originally one of the items to be liberalized in 1997. However, we postponed the limited import under quotas until 2001 and, in the meantime, with a high tariff of 43 percent. Particularly, the import in 1995, in spite of the strong demand by the export country, was limited to 123,000 tonnes, less than the actual imported volume in 1992 which was 132,000 tonnes.

Turning to the industrialized products, and financial and service sectors, we made no additional unreasonable promises because of the rice, and negotiations were generally concluded on the level we targeted within the boundary of the plan drawn by ourselves, although there are slight differences by sector and by item.

We were able to obtain such better results thanks to the support from you assemblymen and the people of our nation. It is also a result of the president's negotiations through the hotline with the head of the related state, and of the joint efforts of the negotiation delegation in Geneva and various government ministries who did their best with one mind and one will.

National Assemblymen: In the future, the government plans to strongly carry on concrete countermeasures on all-government levels to minimize any damage that might affect all related fields including our farmers because of the opening resulted from the settlement of the recent UR negotiations.

First of all, I would like to tell you short-term measures for agriculture. For example, in the case of rice, our country's total annual consumption is 39 million soks [one sok is equivalent to 5.12 U.S. bushels]. However, the import volume in 1995, the first year when the UR Treaty comes to effect, will be one percent or 390,000 sok. An average of 590,000 sok per year will be imported in the first five years, and about 1.1 million sok in the latter five years.

The imported rice will be managed by the government or authorized government agents completely separately from domestic rice, and will be used as materials for export processing, or a certain amount will be stored for poor harvest years or in preparation for the reunification so that domestic rice price will not be lowered and no farmer producers will be damaged.

The government will maintain, for a minute, the present grain management system as it is, but it will formulate plans to reasonably improve it in order not to do harm to farmers.

To deal with the importation of livestock products, including beef, the government will provide support for the modernization of the livestock facilities and will make efforts to strengthen competitiveness by specializing the livestock management.

In particular, the government will make efforts to innovate facilities and technologies of the current farms to be developed into the large-scale ones centering on raising Korean cows and will provide financial support and tax favor to them.

Regarding tangerines, the government will make the manufacturing bodies import and use them for processing purposes along with domestic tangerines. However, it will directly import, stock, and sell seasonings, including garlic and hot peppers, so that it can stabilize their domestic market price.

To save our farm and rural communities, the government will push ahead with a basic or long-range policy. Now, we must develop our agriculture into a industry that can compete with foreign agricultural products in the international market. For this end, we must make our agriculture become enterprise-oriented and specialized and strengthen its competitiveness by developing the updated agricultural technology and by largely carrying out farm mechanization. Therefore, the government will make efforts to accelerate the improvement of agricultural structure and to specifically formulate comprehensive plans to significantly raise the standard of living of the farmer equivalent to that of people in urban communities.

During the 10-year grace period, the government will, first of all, make efforts to develop high-yield varieties of grains and to largely carry out the production base work [saengsan kiban saop] in order to strengthen the competitiveness of our rice in its quality or its production quantity.

For this end, the government will complete the land cultivation work—which is being carried out in the agricultural promotion areas—within the next four years. Up to date, the government has provided support for farmers to buy small-sized agricultural machines at half of their original price. However, it will increase, step by step, its support for farmers beginning next year so that they can buy medium-, and large-sized agricultural machines at half the original price.

The government will make efforts to mainly raising the specialized farms, which have owned land more than a fixed size, and will study and develop the ultramodern agricultural technologies, including the improvement of species and the development of new agricultural chemicals.

It will establish a tentatively named agricultural land bank [nongji unhaeng] so that farmers can easily sell farmland, and so that even nonfarmers can buy agricultural land under regular conditions and lease [sintak] it to others. In this way, it will announce and push ahead with a policy of making agriculture become sized [kumohwa] and enterprise-oriented, thus having people easily deal with agricultural machines.

At the same time, with a view to accelerating the industrialization of agriculture, we will epochally improve the operation of existing agricultural and industrial complexes, as well as the system of supporting them. We will further develop export processing industry of agricultural products.

Next, with a view to improving the living conditions in farms and fishing villages, we will complete expansion of about 50,000 kilometers roads in farms, as well as their pavement, during the upcoming 10-year period.

We will reorganize existing agricultural high schools into special technical colleges and will train professional manpower in agriculture. We will also expand opportunities for the higher education of farmers' children.

We will carry out modernization of houses in farms and will build more new general hospitals for farmers so that public health and sanitary facilities be improved. We will implement at an early date the farmers' pension system and the system of compensation for industrial disaster. We will expand traffic and communications facilities and will epochally improve the conditions for cultural life.

With a view to supporting these projects, the government will newly establish a tax for agricultural resurrection—a provisional title—as an objective tax, and will work out pan-governmental measures to secure funds, including issuance of national and public bonds. We are reviewing a plan to support six trillion won for the first 5-year period in addition to the projects for improving the present structure in farms and fishing villages.

The projects for reorganizing farms will be carried out by reinforcing the Agricultural Policy Deliberation Committee—an advisory organization for the President—and by making farmers' representatives participate. The relevant ministers will participate as committee members and the prime minister will work out concrete measures to push for the projects by taking the direct responsibility for them.

First of all, the government will form three committees within this year, including the committee for strengthening agricultural competitiveness, the committee for improving living conditions in farms and the committee for public welfare in farms. Thus, it will work out concrete measures for farms and will broadly reflect the opinions of farmers and farmers' organizations in these measures.

Based on this, the government will decide on concrete implementation plans within upcoming six months and will announce them to the people. After this, the government will push ahead with the plans year by year with 1994 as the first year. We will continuously implement the first 5-year plan and the second 5-year plan. By doing this, we will push for the tasks of newly reforming our firms to the completion stage during the upcoming 10-year period.

Assemblymen: We are now living in the era of free trade—the era of economic war without national boundaries. We must accept as the reality the advance of foreign countries into our domestic markets in the era of openness.

As for the manufacturing field and service field including finance, we should acquire knowledge and experience that enable us to seek our interests in the international markets with splendid competitiveness.

Needless to say, we ought to actively develop export-oriented agricultural products that can advance into overseas markets. By making processed commodities of agricultural products, we should make them compete in the international markets.

Experts have already began to closely examine losses and gains revealed by the results of UR negotiations. The domain of agricultural products and some service fields, whose competitiveness is weak, are disadvantageous for us. However, we should not overlook the fact that there are also many advantageous industries.

The problem depends on how we should cope with the era of free trade. We think that as for the case of steel, as an example, its export will be greatly expanded thanks to the abolition of tariffs, and as for the textile field, the quota system will also be lifted. With a decrease in tariffs, the export competitiveness of electronic products is expected to be strengthened.

The only way for our survival is to win in the international markets. The method for winning in international markets is to foster competitiveness in all fields. For us to survive in the era of openness and internationalization, we, all the people, should arm ourselves with the active and progressive spirit and should obtain know-how to compete in international society.

As President Kim Yong-sam emphasized in the statement to the people on 9 December, our nation, which lacks natural resources, has only to attain economic growth and to expand national properties through free trade. Advancing with our door open, instead of keeping it closed, is the only way for our nation to choose.

Without fearing the openness, we should advance toward the world with courage. By doing this, we will win the victory in the fierce international competition of the 21st Century and will become a wealthy and powerful prosperous advanced country.

Respected speaker and assemblymen: The government heard a number of voices of advice and criticism from you, the assemblymen, over the issue of the rice market opening. However, the position of the government, which made efforts to the last to defend the policy of opposing the opening of rice, was honest. The expression of such position by the government worked as a most powerful negotiation card, and resulted in the settlement under a most advantageous condition among some 1,200 items of 116 countries.

In the past, the government sincerely and candidly reported all policies to the people, and pushed ahead with them. However, I know that there was a distorted view of some people that the government was not honest pertaining to the rice issue. But this is not true.

Our government always took an honest position toward the people. The recent announcement of a statement of sincere and humble apology by the president is an example in clearly showing the honest position of this government. Besides, some people said as if the foundation for rice farming will collapse on a single morning due to the partial rice opening and farmers will have to leave their farms being unable to earn a living. Thus, they caused the sense of excessive crisis and frustration to the simple and honest farmers. This cannot be said as an attitude of truly worrying about farmers and of loving the farms.

The government will see to it that the foundation for rice farming will not collapse and will inspire new hope and courage to the farmers.

With the concern and encouragement of the people, the maximum national interests were secured during the UR negotiation and a foundation was built to overcome fierce challenges and waves of opening.

I again pledge that the government will make utmost efforts for our farmers and for a better life in our farms. We must assume the current UR negotiation as an active and affirmative occasion of turning disaster into a blessing and for leaping into an advanced society.

All the people should gather their wisdom to favorably utilize the result of the UR negotiation to the maximum in each field with singlehearted unity. We should open a new chapter for making a second economic take-off and for national development.

Pledging that the government will advance toward the era of internationalization and openness in firm unity with the people, I again express deep appreciation to the people and you, assemblymen, for support and encouragement.

I will report on more details on the next occasion.

Thank you for listening.

Economic Planning Minister Remarks

SK1512013693 Seoul THE KOREA HERALD in English 15 Dec 93 pp 1, 2

[Text] The government made no undue concessions on services, finance and tariffs at the Uruguay Round [UR] talks in exchange for special treatment in opening its rice market, a top government official said yesterday.

Deputy Prime Minister and Minister of Economic Planning Yi Kyong-sik said that the government agreed to import 1 percent of its domestic rice consumption in 1995 and increase the minimum market access to 4 percent in 2004.

Korea's bilateral agreement with the United States on the limited market opening was endorsed by other members of the General Agreement on Tariffs and Trade in Geneva one day before the Uruguay Round accords, Deputy Prime Minister Yi said at a news conference. Negotiations with the United States encountered great difficulties from the outset, he said.

When President Kim Yong-sam's talks with U.S. President Bill Clinton over the telephone last week cleared the way for a bilateral accord, he said, the Korean delegation met opposition from other GATT members who demanded additional concessions.

The Korean team, however, refused to offer additional concessions on other agricultural products the GATT demanded in exchange for the low-level minimum market access to the Korean rice market, he said. As a compromise, he said, the two sides agreed on the limited rice market opening during the 10-year grace period for tariffication under a bland condition that "appropriate market access opportunities have been provided for in other products."

When asked if Korea will be required to make additional concessions because of the clause, he said the negotiating team in Geneva and the home government concluded that it is harmless.

He said, "No other country has secured better terms in opening its agricultural market. However, we have made no additional concessions in our negotiations on services, finance and tariff cuts for industrial products."

The government, he said, will open its services and financial market and cut tariffs in accordance with its established plans.

According to the final market opening schedules disclosed by Yi, Korea will allow foreign countries limited or full access to its agricultural markets beginning in 1995 under the Uruguay Round.

Korea will permit imports of foreign rice amounting to 57,000 tons, which will be 1 percent of domestic consumption, in 1995, and expand the market access to 4 percent or 227,000 tons by 2004. Import duties during the 10-year period will remain at the current 5 percent.

At the end of the tariffication moratorium period, Korea can negotiate with its trading partners whether to extend the scheme or replace it with higher tariffs.

Yi said imports of foreign beef will be liberalized completely in 2001. In return for putting off the full market opening, Korea will have allowed foreign countries an increasingly wider access to its beef market.

The beef import quota has been set at 123,000 tons in 1995 and will be expanded to 225,000 tons in 2000.

The 1995 quota is an increase of 10,000 tons over the 113,000 tons to which Korea agreed with the United States and other beef exporting countries early this year.

Imports of pork and chicken will be liberalized in July 1997 with higher tariffs while a certain amount of foreign products will be given access to the local market before the full market opening.

Import duties for pork will be increased to 33 percent from 25 percent and those for chicken to 30 percent from 20 percent.

In a similar way, imports of fresh tangerines and some dairy products will be liberalized in July 1997. Tariffs on those products will be much higher than those on pork and chicken in accordance with the so-called "ceiling binding," under which a country cannot raise import duties further once it commits itself to a certain level of maximum rates.

Imports of hot peppers, garlic, onions and sesame will be liberalized in July 1997 with higher import duties than current rates.

Korea will replace all import restrictions with tariffs on barley, beans, corn, potatoes and sweet potatoes in 1995.

Further on Minister's Remarks

SK1512035493 Seoul KYONGHYANG SINMUN in Korean 15 Dec 93 p 3

[Interview with Yi Kyong-sik, deputy prime minister and minister of the Economic Planning Board, by a group of unidentified reporters in Kwachon, Kyonggi Province on 14 December—compiled by reporter Cho Pyong-chol]

[Text] [Cho Pyong-chol] At 1900 on 14 December, when our farm produce market opening plan, agreed on by the ROK and the United States, was approved by the meeting of senior delegates to the Uruguay Round negotiations in Geneva, Yi Kyong-sik, deputy prime minister and minister of the Economic Planning Board [EPB], read a 20-minute-announcement on the negotiations and had a question-and- answer session with reporters.

Sitting with the deputy prime minister at this session were Kim Tae-su, vice minister of Agriculture, Forestry, and Fisheries; and Yi Yun-chae, director general of the II Division of the EPB External Economic Coordination Office.

[Reporter] Will the rice to be imported beginning in 1995 all be from the United States, or will it be possible to import rice from Australia and China as well?

[Yi Kyong-sik] We will not be importing from any one particular country. We can import rice from any country.

[Reporter] Will the government control the channel of import separately? Will the government control the use of imported rice so that the imported rice may not reach the consumers directly?

[Yi] We are reviewing the problem of how to manage imported rice. I think Prime Minister Hwang In-song will set forth a policy on that problem in his 15 December statement.

[Reporter] The government said that it insisted on the exceptional treatment to tariffication until the last minute and changed its position by agreeing on tariffication in order to secure an advantageous position for negotiation. Does this mean that the fact that the government insisted on not accepting the principle of tariffication while being aware of the unavoidability of agreeing to tariffication was a strategy used by the government?

[Yi] First, we intended to stick to the end to the principle of exceptional treatment to tariffication. But we found it impossible to get an exceptional treatment to tariffication in the process of negotiations. Nevertheless, we thought that it would be to our advantage in the negotiation to insist on the exceptional treatment to tariffication until the last minute.

[Reporter] The government says that it did its best, but what do you think will be the reaction of the farmers?

[Yi] I think the government has done its best. But it will be difficult for the government to receive the same appraisal from the farmers who will be affected by the settlement of the Uruguay Round. We will consider appropriate measures for the sectors that will be affected by the Uruguay Round.

[Reporter] What are the results of the negotiations for the service areas other than rice?

[Yi] I think they were settled as we anticipated.

[Reporter] Will they not demand additional opening of the market using as an excuse the condition called "appropriate minimum access" which was added in the process of multilateral negotiations?

[Yi] We have closely examined the text of the agreement with the negotiation team on the spot. I do not worry about that possibility.

[Reporter] Have you agreed on the reduction of rice production?

[Yi] The rice-planting area is being reduced by 2 percent annually, and the 5-Year New Economic Plan also forecasts the reduction of the rice-planting area.

[Reporter] There is a rumor that the ROK and the United States agreed in a behind-the-scenes negotiation that the ROK will purchase a certain amount of U.S. rice. Is this true?

[Yi] That is a completely groundless rumor.

[Reporter] You said that you would hold yourself responsible if the results of the negotiation turned out bad. Do you find anything for which you would hold yourself responsible?

[Yi] I meant to say that I would come forth to the negotiations with a sense of responsibility whether the results were good or bad.

[Reporter] Is it true that the ROK agreed to increase the beef import quota by 20,000 tons beginning in 1995 to 225,000 tons in the year 2000? Our country's beef consumption last year was 227,000 tons. Therefore, this would mean that our total beef consumption would be filled by imported beef.

[Yi] Consumption will increase. Some 225,000 tons will be about 50 percent of the local consumption by the year 2000.

Agriculture Minister Interviewed

SK1512023593 Seoul YONHAP in English 0207 GMT 15 Dec 93

[Text] Geneva, Dec. 14 (YONHAP)—Agriculture, Forestry and Fisheries Minister Ho Sin-haeng said Tuesday that he was willing to take all of the public criticism and all of the responsibility for the terms of Korean rice market opening.

"I have no regrets. We did my best... I can say we produced the best possible results," Ho told reporters after the chief representatives to UR [Uruguay Round] market access group formally approved Korea's farm deal, including rice market opening conditions, with the United States.

Under the agreement, rice imports amounting to 1 percent to 2 percent of Korean consumption will be made for five years starting from 1995, when the new world trade pact takes effect, and 2 percent to 4 percent in 2000-2004 with a 5-percent tariff.

The rice market completely opens by tariffication in 2005, when partial opening through minimum market access automatically ends with expiry of the 10-year grace period.

From then, imports are levied with a tariff equivalent [TE] that bridges 1986-1988 price gap between domestic and foreign goods.

Korea will be imposing 90 percent of the original TE rate as 1 percent a year is automatically cut off during the grace period under a shadow reduction rule. If it succeeds in drawing an extension after the grace period runs out, it again cuts TE to 80 percent on imports from 2014.

"I'm very satisfied with our winning exceptional special treatment," Ho said summing up the farm negotiations. He attributed the results to support from the public and the government.

Ho had led a high-powered government delegation to Geneva to negotiate the new general agreement on tariffs and trade, which slashes tariffs and liberalizes trade and is now certain to meet the Wednesday deadline. He said there were no concessions in other sectors to save the rice market as it was impossible under UR principles.

"I only stuck to the particularity of Korean rice. The close relationship between the Presidents of Korea and the United States helped a great deal," he said, recalling that the U.S. negotiators had loosened up after phone conversations with Presidents Kim Yong- sam and Bill Clinton.

The chief Korean delegate said he did all he could to win a moratorium on rice imports, but could not as such a condition was nowhere stated in the GATT. He said a considerable number of countries opposed the "special" treatment given to Korea on rice, but declined to name them.

There was difficulty guarding the beef market, because Korea promised GATT to completely open markets of nine farm products from July 1997 when it graduated from balance of payment privileges in 1989, he said. But Korea was fortunate to raise the current tariff of 20 percent to 43.6 percent on beef and delay complete opening by three years from 2001, he said.

"Refusing tariffication on rice was our position, but accepting it was our great loss," Ho said.

Alongside the chief negotiator, Assistant Agriculture, Forestry and Fisheries Minister Kim Kwang-hee played an important role in the farm negotiations.

"It was most difficult when the U.S. delegates refused our final card," said Kim, who wrangled for the decisive rice opening terms with Washington officials after a seven-hour marathon meeting on Saturday and Sunday.

The U.S. side wanted to wrap up all bilateral farm issues and BOP [balance of payment]-concerned farm items together with the rice problem, so the last-ditch talks lasted until 6 A.M. Sunday, he said.

"We offered and offered, while the U.S. negotiators refused. We presented our last card, and again they refused, and that was the hardest part," he said.

It was also painful when an agreement was made finally, because it became uncertain on meeting opposition from other countries, he said.

Policy Meeting Approves Accord

SK1512030593 Seoul YONHAP in English 0254 GMT 15 Dec 93

[Text] Seoul, Dec. 15 (YONHAP)—The 24th international policy coordination meeting, presided over by Deputy Prime Minister Yi Kyong-sik, decided on Wednesday to accept the results of Korea's negotiations on the Uruguay Round [UR] world trade pact.

Ministers and vice ministers of 16 government agencies heard a report on Korea's opening offers in rice and other farm products, service, manufacturing, and other concerned sectors negotiated by a delegation led by Agriculture, Forestry and Fisheries Minister Ho Sinhaeng in Geneva.

Chief representatives to the General Agreement on Tariffs and Trade (GATT) adopted the draft final act and a new world trade order will be formally announced late Wednesday (early Wednesday in Geneva).

The meeting agreed that the UR accord will set international trade regulations more clearly and firmly and lower trade barriers to create favorable conditions for Korean economic progress.

It found Korea's situation relatively well reflected in the accord and will approve the final results adopted in the trade negotiations committee meeting on Wednesday.

Yi will report on the UR negotiations to the cabinet in a meeting presided over by Prime Minister Hwang In-song later in the day.

Efforts Made To Help Farmers

SK1512015093 Seoul THE KOREA HERALD in English 15 Dec 93 p 2

[Text] The government is seeking to ease or abolish a regulation restricting the ownership of farmland in an effort to help farmers cope with rice imports after the de facto conclusion of the Uruguay Round of world trade talks. It is also considering a cutdown in the amount of government-purchased rice and a freeze on prices.

These countermeasures were discussed at a meeting of economy-related cabinet ministers at the prime minister's residence in Samchong-tong, central Seoul, yesterday morning, government sources said. The government will make a final decision at a special cabinet meeting today and issue a statement in the name of Prime Minister Hwang In-song. The statement would contain the prime minister's apology to the public for the government's failure to stave off the opening of the rice market.

"The ministers concerned with farming felt the need to abolish the maximum amount of land a farmer can own to strengthen the international competitiveness of the domestic agricultural industry through farm mechanization," the government sources said.

Any Korean, in principle, cannot own more than 10 hectares of farmland in the heavily protected Agriculture Promotion Area and 3 hectares of farmland outside the area.

Meanwhile, the participants shared the view that the government must reduce the amount of government-purchased rice and freeze the government price of rice under the agreements of the Uruguay Round, according to the sources.

Students Demonstrate at U.S. Embassy

SK1512094993 Seoul KBS-1 Radio Network in Korean 0935 GMT 915 Dec 3

[Text] About 2,000 students of the Seoul Area Federation of General Student Associations who staged a rally to oppose the opening of rice at Tapkol Park in Chongno from 1500 [0600 GMT], are now marching toward the Myongdong Cathedral through Chonggak Pavilion, Kwanggyo, and Ulchiro. Because of this, cars coming to downtown from outer areas are caught in serious traffic congestion. The cars going into the heart of the city going by the Seoul Railway Station are also caught in traffic congestion, reminding one of those in the parking area.

The students are also staging demonstrations along the central line on the street in front of the U.S. Embassy and in Sejongno. As the result, traffic is controlled in part, thus causing serious congestion.

Police Round Up 1,000 Students

SK1512120893 Seoul YONHAP in English 1113 GMT 15 Dec 93

[Text] Seoul, Dec. 15 (YONHAP)—About 1,000 students who were demonstrating near the American Embassy to protest the opening of the rice market Wednesday afternoon were rounded up by the Seoul police. The police held 106 of them for either burning the Stars and Stripes or staging a radical demonstration by tying themselves with iron chains around street lamp poles during the demonstration at the U.S. Embassy. The remaining 900 students were briefly questioned at police stations before being set free.

Students Issue Resolution

SK1512112793 Seoul YONHAP in English 1043 GMT 15 Dec 93

[Text] Seoul, Dec. 15 (YONHAP)—About 3,000 students of Sochongnyon (Association of College Student Organzations in Seoul Area) staged a rally at the Chongmyo Park along the Chongno Street Wednesday afternoon, demanding the nullification of the rice market opening.

In a resolution, the students said the National Assembly should refuse to ratify the rice market bill and the question should be referred to a national referendum. The students said they would take part in the third citizens rally slated for Dec. 18 and carry out sustained anti-American struggles such as protest visits to the American Embassy.

After the rally, students marched through the Chongkak intersection where they burned the Stars and Stripes. About 100 of the students tied one another with iron chains in front of the American embassy as a means of protest against the U.S. pressure for market opening. The police deployed some 10,000 policemen at the rally site, American Embassy and some sensitive public facilities.

Lawmaker on Hunger Strike

SK1512044293 Seoul THE KOREA HERALD in English 15 Dec 93 p 2

[By staff reporter Yu Chong-mo]

[Text] An opposition lawmaker has been on a hunger strike for ten consecutive days at the National Assembly to protest the government's decision to open the domestic rice market.

Rep. Kim Yong-chin of the main opposition Democratic Party (DP) has been consuming nothing but salt and water during his hunger strike.

"I have decided to fast because I, as a member of the Assembly Agriculture, Forestry and Fisheries committee, feel deeply guilty for not being able to defend our rice market against foreign imports," said Kim in an interview with THE KOREA HERALD yesterday.

"I will continue the hunger strike so far as my health permits."

The visibly exhausted lawmaker has been lying in one corner of the agriculture committee conference room on the fourth floor of the Assembly since Monday.

Kim, 47, who has been twice elected to the Assembly in Kangjin, South Cholla Province, started his hunger strike Dec. 6, when he departed for Geneva, along with other DP lawmakers, in a bid to block rice imports. He had already shown his strong resistance against foreign pressure to open the domestic agricultural market by having his head shaved in front of the GATT headquarters.

On returning to Seoul Dec. 10, he was taken to a hospital in Mok-tong, where he still refused to eat. Kim moved to the Assembly building Monday. His condition suddenly worsened late Monday night but he still refused to receive an injection of Ringer's solution, according to DP lawmaker Yang Mun-hui. Rep. Yang, formerly a medical doctor, has been looking after Rep. Kim day and night.

"Through this hunger strike, I also want to protest against President Kim Yong-sam, who failed to keep his campaign pledge not to liberalize the rice market," Kim said, adding that he is absolutely opposed to any opening. Kim and some DP legislators have insisted that the Seoul government made a secret deal on the rice matter with the United States on Nov. 2 or Nov. 23.

"I won't consider ending my hunger strike before the government clarifies its position regarding the alleged secret deal," Kim stressed.

Kim, who has previously gone on hunger strikes twice in the past in connection with the Kwangju Civil Uprising and an amendment of the local government autonomy law, received widespread publicity two weeks ago when he was injured while attempting to block ruling party lawmakers from ramming agriculture-related bills through the Assembly.

DP Vows To Block Ratification

SK1512044193 Seoul THE KOREA HERALD in English 15 Dec 93 p 2

[Text] Lawmakers of the main opposition Democratic Party (DP), responding to the conclusion Monday of a package farm deal between Korea and the United States, yesterday vowed to block the ratification of the Uruguay Round agreement on world trade when it is put to a parliamentary vote late next year.

In a two-hour meeting punctuated by anger and frustration at the Korea-U.S. farm deal, under which Korea will open its market to foreign rice starting in 1995, DP legislators urged the government to accept their repeated call for a national referendum on the rice market opening. The lawmakers also asked the government to clarify allegations raised by some opposition lawmakers that Seoul and Washington had already made a secret agreement on the opening of the Korean rice market in Geneva in late October or early November.

DP legislators expressed concern that the government's agricultural policies following the opening of the basic farm products to foreign imports may focus on radically reducing the farming population of the country.

Party spokesman Rep. Pak Chae-won issued a statement stressing that his party will struggle against the opening of the domestic rice market "to the last minute."

While most DP legislators are rock-hard in their opposition to the imports of foreign rice, some party officials are indicating that the party will start discussing practical measures to cope with the settlement of the Uruguay Round trade talks, which seems all but assured.

Speaking at a meeting of the DP lawmakers, party chief policy maker Rep. Kim Pyong-o said that the party should not shirk its duty, as the largest opposition force, of working out alternative policies to enable the nation to ride the coming crisis.

The ruling Democratic Liberal Party (DLP), for its part, held a meeting of key post-holders to discuss measures to counter the imports of foreign farm products.

Appreciating the government's efforts to draw more favorable terms in negotiations with Washington, DLP officials agreed to map out steps as soon as possible to support farmers and prompt the development of rural areas.

Opposition 'Agonizing' Over Response

SK1512055993 Seoul YONHAP in English 0514 GMT 15 Dec 93

[Text] Seoul, Dec. 15 (YONHAP)—The opposition Democratic Party [DP], which has taken a hardline position against rice market opening and other outcomes of the Uruguay Round, is agonizing over its future course of action.

The DP, declaring that it would not allow the opening of the rice market under any circumstances, has taken a lead for protest demonstrations by farmers and other social organizations. There has not been any change in its official position so far. But there is a rising pragmatic view among the ranks of party members that the DP cannot afford to continue its opposition forever without offering an alternative, especially as the Uruguay Round has successfully concluded its negotiations.

It faces the dilemma because it could not "abandon" the farmers by accepting the outcome of the Uruguay Round. Neither could it afford to insist on isolationism for fear it could become a target of criticism for being irresponsible in the formation and execution of national policies as the No. 1 opposition party.

Yi Ki-taek, chairman of the party, said, "Since the Uruguay Round was successfully concluded, it's time to look at the whole picture and assess its outcome."

The most important function for an opposition party is its role as "a watch dog" of the administration and the ruling party, Yi said.

"Therefore, we have to offer alternatives after evaluating the work of the government."

Yi's remarks are taken to mean that the opposition party has to come up with measures to cope with the situation arising in the aftermath of the Uruguay Round accord.

The Democratic Party, in other words, will have to get out of the rut where it has been opposing all and everything and grope gingerly for ways to change the course of action.

Rep. Hong Sa-tok said that the country should mobilize all of its brains—scholars, businessmen, and others—to undertake studies to cope with the situation as the Uruguay Around agreement will affect the entire economy.

"It is all very well (for the opposition party) to block the ratification of the agreements at the National Assembly or launch a campaign not to eat American rice," Hong said.

The country should not go forth opposing everything, he said. What was important now was to work out measures to counter the effects.

Rep. Yim Chae-chong said that the world economic order has changed totally as the result of the Uruguay Round and its repercussions will be great.

The opposition party has to pursue the responsibility of President Kim Yong-sam for violating his own campaign pledge to guard the rice market, while working out measures to face the new reality, Yim said, suggesting a two-pronged attack. But a considerable number of DP lawmakers, in apparent efforts to pacify their farm constituencies, are urging a fight to the death against what they say was U.S. pressure to open the rice market.

Advocating "an anti-American stance," Rep. Yi Yong-kwon claimed that responsibility for the current "crisis" primarily rests with the government but "the United States, which is playing the role of guardian for the government," is also to be blamed.

"Since the United States is trying to enslave us with its rice, we have to counter its move with an anti-American struggle," he said. "We have to plant fear in the heart of the United States."

Rep. Kim Won-ki said that when he went down to his constituency, the anger felt by farmers was much more fiercer than he thought it would be when he was in Seoul.

"It is too early, therefore, to talk about measures to cope with the Uruguay Round agreements," he said.

As a result, the Democratic Party, for the time being, is expected to continue its struggle against the opening of the rice market, including a demand for the resignation of the cabinet. There are also signs of movements in favor of forming a committee within the party to discuss ways to deal with the Uruguay Round.

General Trading Firms Prepare

SK1512064793 Seoul YONHAP in English 0250 GMT 15 Dec 93

[Text] Seoul, Dec. 15 (YONHAP)—South Korea's seven general trading companies say they have begun to prepare for a new order in world trade accord to be created as a result of a successful conclusion of the Uruguay Round trade talks. They are in a hurry to train manpower specialized in farm produce while strengthening their ties to the small companies that do business with them in their bid to raise the competitiveness of their products.

Anticipating that small- and medium-sized companies would suffer the largest losses from the Uruguay Round deal, they started holding successive consultations and improving management skills and methods by adopting the methods of Japanese general trading companies.

Participation in foreign distribution and financial markets is necessary to survive in the new age of competition, they say, and uncompetitive companies must die.

Samsung Co. will send two livestock experts to the United States and Australia in January for a year of training. It will expand distribution business in such areas as garments and home videos, communications equipment and chain stores.

Daewoo Corp. dicussed overseas markets Wednesday with heads of locally incorporated firms and overseas branch offices, and is to expand the number of overseas branch offices to 330 by 2000.

Hyundai Corp. is drawing up a comprehensive plan to bolster the competitiveness of its export goods and is determined to expand cooperation with small companies through technology assistance.

Lucky-Goldstar International Corp. has four goals—expanding into developing countries, choosing principal items for markets and focusing on them, internationalizing and localizing, and expanding oveseas activities.

Sunkyong Ltd. will gather information on new technologies and patents through its offices in the United States.

Effect on Small Enterprises Studied

SK1512055293 Seoul THE KOREA HERALD in English 15 Dec 93 p 8

[Text] The envisioned conclusion of the Uruguay Round global trade talks would deal a harsher blow to small and medium enterprises with scant cash and heavy dependency on the domestic market for sales of their products, than to large businesses, according to a report released yesterday by the Korea Federation of Small Business. The smaller companies may suffer from a severe cash crunch as the Uruguay Round would restrict government financial support and subsidies for exports and import replacements, a big pipeline for their operation funds, the report forecasted.

The wider market opening would further speed the foreign companies' erosion of the local services and industrial goods markets, hitting local small and medium enterprises (SMEs) hard, it said.

Korean SMEs are always plagued by lack of money, so the government supports cash-strapped small and medium enterprises with a variety of financial support.

Currently, SMEs have access to loans provided by commercial banks under government policies, which account for 45 percent of the monthly increase in bank loans.

Trade-related loans with favorable terms, which amount to 2.5 trillion won a year, are also granted to smaller companies based on their records on receipts of letters of credit and export performances.

Under the UR agreement, however, the subsidies will be banned, and smaller firms will experience tougher difficulties raising money for their operations, the report predicted.

With tariffs lowered and non-tariff barriers lifted, the report forecasted, foreign companies will make inroads into the domestic markets for services and industrial goods occupied by SMEs.

As witnessed in the late 1980s, Chinese and Southeast Asian companies will flood the domestic market with cheap products such as wooden chopsticks, stationery, toys, machine tools, textiles and shoes, the report projected.

The local SMEs, which sold 57 percent of their products on the domestic market this year, will be thrown into a situation of engaging in cutthroat competition with foreign firms, according to the report.

When the services market is opened, local SMEs, which hold a market share of 99.3 percent, will vie for a larger share of the market with foreign companies, the report said.

Another blow to the smaller firms will come from the government procurement market. Foreign companies will be allowed to bid for government procurement of general commodities and services as well as construction projects from 1997, government officials said Monday.

With foreign firms participating in the local procurement market, the government will have to reduce private contracts given to cooperatives of SMEs in an effort to support them, the report said. Last year, 518 government procurement contracts worth 2.8 trillion won were given to SME cooperatives.

The report suggested that the government should work out measures to support SMEs without violating the Uruguay Round agreement, stressing that SMEs themselves will have to seek self-help measures.

Pressure To Concede Markets Rises

SK1512044493 Seoul THE KOREA HERALD in English 15 Dec 93 p 8

[By staff reporter Yu Kun-ha]

[Text] Toward the close of the Uruguay Round [UR] talks, South Korea is facing mounting pressure to widen its tariff concession range for industrial products. The United States and other advanced countries are demanding that Korea lower further its tariff rates on manufactured products in return for the favorable terms granted for Korea's rice market opening. The tariff negotiations on industrial goods are scheduled to continue past the Dec. 15 deadline for UR talks till next April, when participating countries gather in Morocco to sign the final agreement.

According to officials at the Ministry of Trade, Industry and Energy (MOTIE), Korea has already gone beyond its brief in offering tariff concessions. Any additional concessions, they said, will damage the domestic industries concerned. The UR tariff talks for the manufacturing sector were originally aimed at reducing the tariff rates of participating countries by more than one third from 1986 levels in the five years from 1993.

Korea offered in March 1992 to cut tariffs by an average of 31.7 percent, lowering its average tariff rate of 17.9 percent in 1986 to 12.2 percent. This offer alone would expand the range of imported goods enjoying lower tariffs from the present 20 percent to 80 percent in terms of import value. But the offer was within Korea's reach, given that its actual average tariff rate in 1992 of 10.1 percent was already much lower than the target of 12.2 percent to be achieved in 1997.

The UR tariff talks, however, proceeded beyond their original aim toward seeking gradual abolition or harmonization of tariffs on certain products.

In July 1993, the United States, the European Community, Japan and Canada agreed in Tokyo to gradually abolish tariffs on construction equipment, agricultural machinery, steel products, furniture, medical instruments, medicine, beer and distilled liquors. They also agreed to harmonize tariffs on chemical products at the uniform 5 to 6 percent levels.

The number of items incorporated in this so-called "Quad package" were 271, of which 75 were in the zero-tariff category and the remaining 196, all chemical products, were in the tariff harmonization category.

Korea decided to phase out tariffs on 60 of the proposed 75 products and harmonize its tariffs on 192 of the targeted 196 chemical products.

Under this scheme, Korea was to cut its tariffs by an average 41 percent rather than the originally proposed 31.7 percent, thus reducing its overall tariff rate to 10.6 percent by the new target year of 1999. With it, the range of tariff concessions offered by Korea to imported goods was to further expand from the 80 percent level to 85 percent in terms of import value.

Korea's tariff reduction or abolition will not stop there. In November this year, leaders of the member countries of the Asia-Pacific Economic Cooperation (APEC) agreed on the so-called "APEC package," which called for tariff elimination for electronics, paper products, scientific instruments, toys, wood products and oilseeds, as well as tariff harmonization for nonferrous metal products and fisheries. Korea has expressed its intention to partially adopt the APEC package on electronics, paper products, scientific instrument, toys and nonferrous metal products.

According to Sim U-chong, a MOTIE official, the European Community has recently endorsed the APEC package, thus enlarging the range of products qualifying for tariff elimination or harmonization.

The United States, together with the EC, is now pressuring Korea to fully accept the Quad and APEC packages in return for the long grace period given to Korea in opening its rice market, Sim said.

"Korea, however, has little else to concede in its final offer list to be presented to the General Agreement on Tariffs and Trade (GATT) by Feb. 15 next year," Sim said. The nation, he added, has made concessions for industrial products beyond its capacity in order to win favorable terms for its agriculture. As a result of the tariff negotiations the nation's steel, chemical and electronics industries are expected to gain, while manufacturers of medicine, medical equipment, agricultural machinery and furniture are likely to suffer damage.

Article Claims U.S. Hindering GATT Settlement

SK1412092593 Seoul CHUNGANG ILBO in Korean 14 Dec 93 p 6

[Article by reporter Kim Sang-to entitled: "The United States Openly Reveals Its Claws—Greedy Claims Lay Final Stumbling Blocks"]

[Text] With the Uruguay Round negotiations entering their final stage, unreasonable U.S. demands are proving to be the largest stumbling blocks to reaching a settlement in negotiations. The United States indiscriminately revealed its intentions in various areas, going so far as to ignore the provisions of the Dunkel draft which is regarded as the textbook providing the criterion for negotiations.

A typical example of this is the U.S.-EC negotiation in the audiovisual field. The delay in the settlement of this negotiation is delaying the entire schedule of the Uruguay Round. The deadline for submission of the final comprehensive draft agreement was postponed from the 12th to the 13th, and again to 14 December. Some go so far as to say that the 15 December deadline may even be postponed.

On the surface, the United States upholds the cause of free trade in asking Europe to open its market, but we find a different reality beneath the surface. France, representing Europe, is alone in its resistence. The United States has already grasped an 81-percent share of the European film market. It has made inroads into 54 percent of all dramas and comedies shown on television. This could well be described as domination of the culture market. If one can see through the fact that the Uruguay Round is essentially aimed at concluding agreements in the name of equality, for the interests of the countries concerned, one may find oneself more sympathetic with the French claim that: "There are more U.S. signboards in Paris than there were German signboards during the German Nazi era." Not stopping there, the United States nevertheless wants more markets opened. This attitude of the United States can readily be seen in other areas as well.

Settlement was reached through hard negotiations in the antidumping area on 13 December. The antidumping area was one of the major obstacles to reachina a settlement in the Uruguay Round, and, as seen in the smile on the face of the official of the General Agreement on Tariffs and Trade (GATT) upon his announcement of its settlement. The settlement was delayed because the United States ignored the Dunket draft to make unreasonable claims only in its own interests. As the other party in negotiations did not accept this, the United States, worried at the last minute about the time limit, withdrew its claims to reach a settlement.

In the textile area as well, the United States made persistent efforts to restrict the opening of its own market as much as possible. This runs counter to the free trade cause it upholds in other areas of negotiations.

Most of the unsettled areas are experiencing difficulties because of this greed of the United States. In the financial services area, the United States made negotiations difficult by saying that it would suspend the most-favored nation tariff treatment for countries that do not open their market as much as it does. All other GATT member states are objecting to this and claiming that all countries should be treated equally. The United States is hindering settlement by insisting it cannot open its maritime market as it is in a disadvantageous position.

Daily Assesses Benefits of Uruguay Round

SK1412045293 Seoul THE KOREA HERALD in English 14 Dec 93 p 8

["News Analysis" by staff reporter Choe Nam-hyon]

[Text] During the past three decades, the Korean people have grown from a community based on agriculture to an industrial society with the help of free trade promoted under the General Agreement on Tariffs and Trade (GATT). However, urban Koreans appear tethered spiritually, if not physically, to the rural villages from which they hailed and show deep sympathy for farmers protesting against market opening.

Fears that farmers may have to abandon rice cultivation as a result of the Uruguay Round talks have been so overwhelming that the public appears to have paid scant attention to the impact of a Uruguay Round (UR) accord on Korea's overall external trade.

The government admits that the Uruguay Round accord will damage Korea's agriculture and services industries which have few comparative advantages in the world market. However, the government estimates that gains from other areas will more than offset losses in the agriculture and services sectors.

When the Uruguay Round is concluded Dec. 15 as scheduled, Korea will benefit from freer trade. Merchandise exports will increase when tariffs are cut and such nontariff barriers as antidumping charges and safeguards are lowered.

According to an estimate by the Korea Institute for International Economic Policy (KIEP), Korean exports will rise by $22.5 billion during the first 10 years after the Uruguay Round accord takes effect in 1995.

Imports, however, will increase by a modest margin of $8 billion during the same period, the KIEP says.

The Korea Development Institute (KDI) estimates exports will grow at an annual average rate of 1 percent during the five years after 1995 and imports should increase at a rate ranging from 0.3 percent to 0.6 percent.

As a result, the KDI says the balance of payments will improve at a rate ranging from 0.4 percent to 0.7 percent.

In addition, the nondiscriminatory multilateral trading system, represented by GATT, is the best option open to Korea when regional blocs such as the European Community and the North American Free Trade Agreement are consolidating.

Even in the absence of a Uruguay Round accord, the government says, Korea would be forced by the United States and other advanced nations to liberalize its trade of agricultural products and services.

"Korea would probably sustain greater damage to its agriculture and services sectors if it were to open its markets as a result of bilateral negotiations with the United States and other nations," says an official from the Economic Planning Board (EPB).

A key area where Korea is projected to lose more than it gains is subsidies. With most subsidies prohibited under the Uruguay Round accord, Korea will have to abandon its past policy of fostering shipbuilding, steel and other specific industries. It will find it virtually impossible to target any industry for growth any longer.

In the areas of trade-related intellectual property rights and trade-related investment measures, the government says, the effect of the Uruguay Round accord on Korea will be neutral.

Most of Korea's statutory regulations with regard to trade-related intellectual property rights have already been made consistent with GATT regulations, says an official from the EPB. The official says the government plans to revise inconsistent regulations to promote technology imports from abroad.

To make the most of globalization and liberalization that will proceed under the UR accord, the government must secure national competitiveness by providing land, capital, manpower, infrastructure, government services and other production factors at low costs, the official says.

The government also needs to promote structural improvements in agriculture and services, he says.

In the case of agriculture, he says, the government has to come up with policies promoting productivity, compensate farmers' income and increase off-farm income.

For services, he says, the government will be able to promote the efficiency of financial and communications sectors by gradually opening them to foreign competitors.

Papers Comment on Outcome of Rice Negotiations

SK1512105893

[Editorial Report] Seoul vernacular daily newspapers on 15 December carry editorials commenting on the ROK-U.S. agricultural trade deal reached at the Uruguay Round trade talks.

The moderate KYONGHYANG SINMUN on page 3 carries an 800-word editorial entitled "Things That We Have To Do for 10 Years Ahead From Now." Noting that the ROK and the United States wrapped up the most controversial rice market issue, the editorial stresses the need to modernize agriculture into a "competitive industry" from now on to countermeasure the opening of the rice market. Noting the structural vulnerability of ROK agriculture, the editorial calls on the government to "dismantle and reorganize rural areas by rectifying a regulation restricting the ownership of farmland, stepping up the modernization of farms, improving the distribution structure, and developing technology for reprocessing agricultural and fishery products."

The editorial urges the government to unveil its blueprint for raising funds to strengthen the international competitiveness of the domestic agricultural industry, and warns that wasting time, as the past regimes did, will accomplish nothing.

The moderate TONG-A ILBO on page 3 carries an 800-word editorial entitled "Countermeasures and Reprehension Over the Settlement of Rice Negotiations." Noting that ROK negotiators are boasting about having done their level-best, the editorial says "we, judging from the national interest, cannot welcome such assertion if losses in other fields, including beef, are great in the course of securing better terms in opening the rice market." The editorial insists that "considering the importance of rice to the ROK rural household income, the ROK should have reached the accord five times more advantageously than Japan has."

Calling on the government to take responsibility for the opening of the rice market, the editorial says "it is necessary that those responsible for the unpreparedness for the global trade negotiations and irresponsible pledges not to give in on the rice market opening call should come under fire."

The editorial denounces the government for settling the rice negotiations so early since the prospect for the settlement of the Uruguay Trade Round seems uncertain. The editorial urges the government to deliberate on the issue of replacing cabinet members on a priority basis and then map out countermeasures against the opening of the rice market.

The moderate CHOSON ILBO carries an editorial entitled "It Is the Time To Refresh the Public Sentiment." Pointing out the recent jittery air surrounding the ROK in all sectors, the article says "the government was at its wit's end and neglected to persuade the public, and the main opposition Democratic Party, for its part, clinging to the notion that no concession whatsoever was politically safer than working out countermeasures." The editorial notes such unrest will do harm on the state management, and stresses the need to devise measures to increase international competitiveness and strategies to survive from the market opening.

The article stresses "it is time for the government, the opposition party, and the people to join in pooling their wisdom and endeavors to utilize the Uruguay formula for their best interests."

The independent HANGUK ILBO carries on page 3 an 800-word editorial entitled "The Measure To Cope With the Uruguay Round Should Not Be a Rough-And-Ready One," and elaborates on the contents agreed upon in the ROK-U.S. negotiations. The editorial then notes: "We know that the government has made all efforts to gain favorable conditions on rice imports. However, it is to a great extent unsatisfactory that the conditions have been gained in return for giving up other items—early opening of the 14 basic agricultural products, such as beef, pork, chicken, and dairy products and also the early opening of service markets, including financial markets." After noting that, even though Minister of Agriculture, Forestry, and Fisheries Ho Sin-haening holds that the ROK's rice market opening conditions are more favorable than Japan's, the editorial says "it is undeniable that the ROK Government has been unprecedently overwhelmed by the United States during the ROK-U.S. negotiations this time." The editorial stresses that "In order not to repeat such a mistake, the government should take a lesson by comprehensively reviewing the process and the outcomes of the Uruguay Round negotiations and by rebuking the relevant institutions and officials that should be reprimanded." Regarding the measures to cope with the Uruguay Round, the editorial holds that "Because the rice and livestock markets, including beef, will be opened as the results of the Uruguay Round negotiations, the government should take a comprehensive and thorough policy on market opening."

The pro-government SEOUL SINMUN carries on page 3 an 800-word editorial entitled "Minister Ho 'Feeling As If He Returned From Hell'" and cites Minister of Agriculture, Forestry, and Fisheries Ho Sin-haeng's remarks about the difficulties he experienced during the Uruguay Round negotiations. The editorial notes the close relations between national benefits and the internationalization of the economic management. Regarding the stern reality prevalent with economic Darwinism about "the law of the jungle" and "the law of the survival of the fittest," the editorial holds that "In spite of the expansion of the market opening of agricultural products, including rice, we should assume a very careful attitude that a profit-and-loss account on the whole will be a plus to our country, because overall tariffs will be lowered and thus the export of our industrial products will be increased. We should make efforts to strengthen competitiveness, because favorable conditions, including the lowering of tariffs, will be also applied to other export competing countries, including China." The editorial stresses: "Under the circumstances in which each country is making desperate efforts to gain even a bit of economic benefits, the relevant authorities should have comprehensive knowledge to cope with other countries." The editorial ends by asserting: "Under such a stern international reality, the government should formulate a new external strategy which can be promoted positively and confidently to build up the national strength and to provide the people with a better life."

The left-leaning HANGYORE SINMUN carries on page 3 a 1,000-word editorial entitled "A Way To Regain What We Have Lost" and notes the settlement of the Uruguay Round negotiations after a hard tug-of-war with the United States. After noting the contents agreed upon in the Uruguay Round negotiations, the editorial notes: "The basic issue is the U.S. activity based on hegemony and the ROK Government's negotiation strategy against the U.S. activity. The negotiations over agricultural products between the ROK and the United States were grand 'partial games'. The United States boldly drove the ROK side into a corner during the Uruguay Round negotiations, because the United States is well aware of the Korean people's feelings toward rice and that the Kim Yong-sam government's political position was driven into a corner because of its election promise to prevent the rice market opening." Referring to a package settlement of the negotiations over agricultural products, the editorial notes that "The government may think that it can calm down the anger of farmers by gaining favorable conditions on rice market opening. However, by giving up other essential agricultural products, the government is destined to lose everything." The editorial notes that "Since it was launched, the Kim Yong-sam government has voiced the 'new diplomatic policy' and 'new agricultural policy.' However, the Kim Yong-sam government in the long run loses its face from the people and the farmers." The editorial ends by holding that "President Kim Yong-sam should make a bold decision in the face of the gloomy reality of the ROK rural villages. That is, he should express in detail his resolution on 'defending our rural villages come what may'."

Ministry Notes 'Softened U.S. Stance' on Tax

SK1512034993 Seoul THE KOREA HERALD in English 15 Dec 93 p 8

[Text] The United States is likely to relax their tax investigations into Korean companies operating in the country and soften their harsh punitive measures against them, Ministry of Finance officials said yesterday.

For instance, the American tax officials will refrain from conducting duplicated probes—on both antidumping and tax evasion allegations—into the same company, they said. They will also try not to extend their tax probes too long or apply too severe penalties for companies failing to meet deadline for submitting tax data.

The softened U.S. stance is included in a memorandum of understanding exchanged by working-level tax officials of the two countries in Washington early this month. The meeting was held under the aegis of bilateral Dialogue for Economic Cooperation.

U.S. tax authorities have recently toughened their tax administration on foreign companies in the United States, according to President Clinton's campaign pledge to expand revenue by $40 billion through strict taxation of foreign firms, which in turn emerged as a major worry for Korean companies in the country.

In the bilateral meeting, the U.S. side promised that they would be more flexible when applying the so-called "earnings stripping rule" on Korean companies. The rule calls for suspending tax credits on interest payment for loans foreign enterprises get from U.S. banks under payment guarantee from their parent companies.

Korean companies in the United States are known for high debt ratio against their paid-in capital, exposing themselves extremely vulnerable to the harsh taxation on their borrowing form parent companies or loans made under the home companies' guarantee.

In handling the "transfer pricing," another important pending issue in bilateral taxational matters, Korea requested that the United States be selective in applying its so-called CPM (comparable profit method). Under the CPM formula, the U.S. tax authorities launch audits in foreign firms when their reported earnings are below the average rate of return for their U.S. competitors.

This is disadvantageous for Korean companies which place more emphasis on turnover rather than on profitability, Korean officials said.

Shalikashvili Cited on Stopping DPRK Attack

SK1512020893 Seoul YONHAP in English 0145 GMT 15 Dec 93

[Text] Washington, Dec. 14 (YONHAP)—Gen. John M. Shalikashvili, chairman of the Joint Chiefs of Staff, said Tuesday that he is confident that U.S. and South Korean forces could stop a North Korean attack. He was quick to add, however, that North Korea is not currently engaged in preparations for an attack.

"I don't want to leave that impression at all," Shalikashvili said at the first briefing to the press since he became chairman of the Joint Chiefs at the Pentagon Tuesday.

"I think we have heard enough about the unpredictability of Kim Il-song and (his) regime," he said. "So, I think it is very dangerous to speculate one way or the other. All I would say is that I don't see anything different today than I did a few months ago when I came to this job," he said.

Asked whether he thought that South Korean forces, reinforced by American forces, could stop a North Korean invasion short of Seoul, he said: "It's certainly a possibility, and I will hope that we can do so.

"...Even the more pessimistic studies that you (the press) sometimes write about have no question that the South Koreans, together with our reinforcements, will stop a North Korean attack far short of their reaching their war objectives," he said.

Shalikashvili said that there was an ongoing effort to determine whether the South Korean forces' structure is right or whether their capabilities are in place and what it was that the United States ought to be doing to reinforce them.

"I think (the ongoing effort) is going well," he said.

Kim Emphasizes Military Readiness

SK1512043993 Seoul THE KOREA HERALD in English 15 Dec 93 p 2

[Text] President Kim Yong-sam yesterday instructed the military to keep a stricter guard against a possible attack by North Korea.

"The North Korean regime, which is putting forth all its energy in preparations for war despite its economic difficulties, may make a provocative action if it is driven into a corner," Kim said. He made the remarks during his year-end tour of the Blue Dragon marine corps and other military units. But he said that the joint U.S. and Korean forces are capable of driving back any attack by the North, adding that Seoul and Washington are doing their best to keep the North from developing nuclear weapons.

Kim reiterated the need for a water-tight defense, saying that the isolationist North Korean regime is making its nuclear development attempt as the "last card" to maintain its grip on power.

With regard to the opening of the rice market, Kim said the recent conclusion of the Uruguay Round talks would bring about reduced foreign tariff barriers resulting in increased Korean exports, enhancing national interests.

"To protect rural areas after the Uruguay Round talks settlement, the government will carry out sustained programs to help them," he said.

Kim was accompanied by Defense Minister Kwon Yonghae.

Paper: North Willing To Accept U.S. Conditions

SK1512112493 Seoul YONHAP in English 1048 GMT 15 Dec 93

[Text] Tokyo, Dec. 15 (YONHAP)—North Korea has informally conveyed to the United States their willingness to accept the conditions the United States has set forth with regard to North Korea's nuclear issues, the NIHON KEIZAI SHIMBUN reported in a dispatch from Washington on Wednesday. The newspaper said this was confirmed by a U.S. Administration official Wednesday.

As North Korea showed a flexible response to the U.S. proposal, it is possible that the third U.S.-North Korea high-level officials meeting would take place to resolve the matter, it said. The official said the North Korean response was a kind that could lead to the resolution of the question, thus implying that North Korea was moving toward accepting the conditions laid down by Washington.

Meanwhile, a diplomatic source in the United States said the next U.S.-North Korea working-level meeting is set to take place on Dec. 16 or 17 in New York.

"If North Korea furnishes a formal reply to the U.S. at the meeting, the United States would disclose the time of the third high-level U.S.-North Korea meeting and the intent to suspend the joint Korea-U.S. Team Spirit exercise," he said.

At the U.S.-North Korea working-level meeting held in New York on Dec. 10, the United States asked Pyongyang to accept inspections of all nuclear facilities including the two undeclared facilities and agree to resume the South-North dialogue.

Study Details DPRK's Atomic Power Facilities

SK1512093393 Seoul CHOSON ILBO in Korean 8 Dec 93 p 6

[Text] North Korea's atomic power-related facilities which are located in 20 different areas throughout North Korea, include atomic power plants and laboratories such as the radiochemical laboratory in Yongbyon.

North Korea's atomic power plants, for example, are known to be equipped with old nuclear reactors, and, accordingly, the danger of accidents is very high. As such an accident will also affect us, special measures need to be taken. Yim Yong-kyu, director of the ROK Technological Institute for Atomic Power Safety, emphasized this at the workshop on "North Korea's Science and Technology and Prospects for North-South Exchange in Science and Technology" held on 8 December at the Tower Hotel in Seoul under the auspices of the General Union of ROK Scientific and Technological Organizations.

At the workshop, Director Yim stressed: "It is very important and urgent for us to diagnose the level of North Korea's atomic power technology and its safety," and added "however, it is very difficult to grasp the whole picture of North Korea's atomic power as it was hidden for a long time."

According to Director Yim's research published during the workshop, North Korea initiated its research on atomic power in 1956. After concluding an agreement on atomic power research with the former Soviet Union, North Korea established the atomic power engineering department at Kim Il-song University and Kim Chaek Engineering University and the atomic power research center at Yongbyon. With this as an occasion, North Korea began full-scale research activity on atomic power.

North Korea introduced a research reactor from the former Soviet Union in 1965. In the latter part of the sixties, North Korea began developing its atomic power industry, by exploring uranium, mining and smelting ore, processing nuclear fuel, and constructing power plants.

At present, North Korea has about 20 atomic power facilities, including a 200 megawatt [MW] atomic power plant now under construction in Taechon, the radiochemical laboratory in Yongbyon suspected of being reprocessing facilities, and uranium mines.

Director Yim said: North Korea asserts that it is developing atomic power to meet its rapidly increasing demands for electricity. However, considering the fact that it has no commercial-purpose atomic power plants, its refusal to accept nuclear inspections, and its development of missiles, this assertion by North Korea lacks credibility.

On the other hand, Director Yim expressed deep concern about the safety of North Korean atomic power plants by saying "North Korea's atomic reactors are old type, graphite-moderated, gas-cooled reactors from the fifties. Fuel rods of such old reactors can be broken easily, and energy accumulated in graphite can be emitted in one shot. This may result in an accident."

He added: "If North Korea has pushed ahead with the development of nuclear weapons secretly, the safety issue would not have surfaced due to the peculiar nature of North Korean society."

Director Yim guessed that "the reason why North Korea has adhered to using graphite reactors, the safety of which is very low, is because graphite reactors can increase the yield of plutonium and can easily extract plutonium by using the natural uranium they exploit as fuel."

The status of North Korea's atomic energy-related facilities is as follows:

Facilities	Location	Size/Remarks
Generator No. 1 at Yongbyon test power plant	Yongbyon	5 MW. Operated since 1986.
Generator No. 2 at Yongbyon test power plant	Yongbyon	50 MW. To begin operations in 1995
Nuclear reactor for test purposes	Yongbyon	8 MW. Operated since August 1965
Radiochemical laboratory	Yongbyon	Under construction. To begin operations in 1996
Nuclear fuel processing plant	Yongbyon	Under operation since 1987
Nuclear fuel storage facilities	Yongbyon	Under operation
Electronics engineering research institute	Yongbyon	Developed lost nuclear fuel checking instrument
Radiochemical research institute	Yongbyon	Built in 1956
Isotope-processing laboratory	Yongbyon	Built in 1975
Commercial-purpose atomic power plant	Taechon	200 MW. Under construction
Commercial-purpose atomic power plant	(?Simpo)	635 MW. Plans underway
Kim Il-song University	Pyongyang	5 MW. Undergoing test operation
Pyongyang Atomic Power Research Institute	Pyongyang	Operated since 1992
Uranium refining plant	Pakchon	Operated since 1982. (To be closed)
Uranium refining plant	Pyongsan	Operated since 1990
Uranium mine	Sunchon, Pakchon	Under operation
Uranium mine	Sinpo	Under exploration
Radiation Protection Research Institute	Pyongyang, Wonsan	Established in 1978

Paper Analyzes Ranking of North's Leadership

SK1412094593 Seoul CHOSON ILBO in Korean 14Dec 93 p 23

[By reporter An Hui-chang]

[Text] As in last year, North Korea changed the leadership order of high-ranking party and political personnel again this year, although not very significant.

A North Korean broadcast on 9 December announced the leadership order of the accompanying party and political cadres when Kim Il-song and Kim Chong-il met the participants of the National Meeting of the Frontrankers of Laudable Communist Traits. The order has several noteworthy points compared to the announcement made at last December's Supreme People's Assembly [SPA] Congress.

First of all, the Political Bureau full members list has changed little except the minor adjustment due to the ranking of reinstated Kim Yong-chu, brother of Kim Il-song, as number seven.

The total number of full members increased from 12 to 13 due to the reinstatement of Kim Yong-chu.

The number of Political Bureau candidate members was nine as of the end of last year. Vice Premier Kim Pok-sin was excluded in June this year, three more were eliminated, and two newly appointed at the recent announcement, making the total candidate members to seven. Kim Yong-sun, who was promoted to secretary for South Korean Affairs and ranked 15th as a Political Bureau candidate member at the end of last year, maintained his party secretary position but was eliminated from the list of Political Bureau candidate members. Kim Tal-hyon, who made his way to chairman of State Planning Commission of the State Administration Council and ranked 19th as a Political Bureau candidate member, was dismissed without being assigned to a new post after being released from both positions.

In the meantime, Hong Song-nam, vice premier and ranked 17th as a Political Bureau candidate member, was also eliminated from the candidate members list.

On the other hand, Yang Hyong-sop, chairman of the SPA and ranked 32, has been promoted to a candidate member of the Political Bureau and rose in rank to 18. Also, Hong Sok-hyong, who had been unable to play in the center of power, was promoted in a single bound to chairman of the State Planning Commission of the State Administration Council and ranks 19th as a Political Bureau candidate members.

Yon Hyong-muk, who was former premier and ranked sixth as a full member of the Political Bureau and who had been suddenly demoted last December to 20th as a Political Bureau candidate member, remains unchanged and ranked 20th.

Among party secretaries, the rumored dismissal of Yun Ki-pok and Pak Nam-ki, in charge of education and economic affairs respectively, was confirmed. Yun was only referred to as chairman of the Economic Policy Commission, Central People's Committee, and Pak as chairman of the Pyongyang Administrative and Economic Committee. However, most state ministers maintained their existing ranking. It is analyzed that only South Korean affairs and economic affairs related personnel were held responsible, and the current power system and organization will be maintained.

Furthermore, regarding the fact that North Korea is putting priority in trade and enacting various laws in preparation for opening, it is speculated that its economic opening will be carried out as scheduled in spite of the decline of open-door supporters including Kim Tal-hyon.

In the meantime, we can see where North Korea is giving priority from the background of 16 personnel, nine members and seven candidate members, of the Central Committee elected at the recently held 21st plenary session of the sixth party congress. Giving preference to military personnel and technocrats, nine among the 16 have a military background and most others are technocrats. Members of the Central Committee who are from military backgrounds are General Kim Yi-chang; Colonel Generals Hyon Chol-hae, Nam Sang-nak, and Han In-sul; and Major General Yi Yong-chol. Among candidate members, there are Colonel General Chong Chang-yol; and Paik Sang-ho, Yi Tae-chol, and Pak Chae-kyong at the Lieutenant General level.

On the other hand, replacements have not been announced for the deceased Yi Pong-kil and Kye Hyong-sun, who were chairman of the Party Central Inspection Committee and former minister of Machine-Building Industry of the State Administration Council, respectively.

North Korean leadership order as of December 1993

Order	Name	Title	Remarks
1	Kim Il-song	President	Standing Committee Members
2	Kim Chong-il	Chairman of National Defense Commission	
3	O Chin-u	Minister of People's Armed Forces	
4	Kang Song-san	Premier of State Administration Council	
5	Yi Chong-ok	Vice President	
6	Pak Song-chol	Vice President	
7	Kim Yong-chu*	Vice President	
8	Kim Yong-nam	Foreign Minister	Political Bureau Members
9	Choe Kwang	Chief of General Staff of Korean People's Army	
10	Kye Ung-tae	Party Secretary	
11	Kim Pyong-ho	Party Secretary	
12	Han Song-yong	Party Secretary	
13	So Yun-sok	Responsible Party Secretary of South Pyongan Province	
14	Kim Chol-man		
15	Choe Tae-pok	Party Secretary	
16	Choe Yong-nim	Vice Premier	
17	Kang Hui-won	Vice Premier	Political Bureau Candidate Members
18	Yang Hyong-sop	Chairman of SPA	
19	Hong Sok-hyong	Chairman of State Planning Commission	
20	Yon Hyong-muk	Responsible Party Secretary of Chagang Province	

*[Pyongyang Korean Central Broadcasting Network in Korean at 1100 GMT on 11 December (sk1112114593) reported that Kim Pyong-sik, former chairman of the Korean Social Democratic Party, was also elected as a vice president.]

Official Itinerary for UN Chief's Visit Noted

SK1512074393 Seoul YONHAP in English 0729 GMT 15 Dec 93

[Text] Seoul, Dec. 15 (YONHAP)—UN Secretary-General Butrus Butrus-Ghali will visit South and North Korea as the head of the global body and is not expected to assume any negotiation role on Pyongyang's nuclear issue, Seoul officials said Wednesday. Formally announcing Butrus Ghali's South Korean trip next week, the officials said that the UN chief is visiting the two Koreas in his capacity as secretary-general on a tour of member states.

"He does not go to Pyongyang at the request of the United Nations Security Council," a ministry official said. "He is not expected to engage in negotiations of the nuclear issue.

"He will be able to relay the mood in the international community regarding the matter, however, and hear directly what North Korean supreme leader Kim Il-song has to say about it," he said.

South and North Korea became UN members in 1991.

Butrus-Ghali arrives in Seoul on Dec. 22 on an official visit and crosses the Truce Village of Panmunjom on Dec. 24 to go to Pyongyang. It isn't decided yet whether he will return to Seoul first or fly back to New York directly from Pyongyang. His itinerary in Seoul includes talks with Foreign Minister Han Sung-chu on Dec. 22 and a meeting with President Kim Yong-sam on Dec. 23. He will speak at a dinner given by the Korean Council on Foreign Relations.

Butrus-Ghali came to Seoul in 1987, when he was Egyptian minister of state for foreign affairs.

Country To Join UN Arms, Oil Embargo on Angola

SK1512094393 Seoul YONHAP in English 0719 GMT 15 Dec 93

[Text] Seoul, Dec. 15 (YONHAP)—South Korea will join other members of the United Nations in an arms and oil embargo against the major rebel group in Angola, a Foreign Ministry official said Wednesday. The UN Security Council [UNSC] adopted an arms and oil embargo against UNITA (The National Union for Total Independence of Angola) and asked Seoul in an official letter to take part. After inter-ministerial discussions, the government decided to accept, the official said.

So far, 13 countries, including the United States, Japan, and South Africa, have decided to ban sales of arms and oil to the African rebel group, and Korea is due to notify its approval to United Nations headquarters soon, he said. UNITA, fighting to overthrow the government in a civil war, had the support of the United States, but the UNSC voted for sanctions after the group continued its armed struggle against the current administration, which took power in UN-sanctioned democratic elections in June.

Peacekeeping Troops in Somalia To Be Replaced

SK1512060893 Seoul YONHAP in English 0517 GMT 15 Dec 93

[Text] Seoul, Dec. 15 (YONHAP)—South Korean peacekeeping troops in Somalia will be replaced in two waves, on Dec. 22 and Jan. 12 next year, the Defense Ministry said on Wednesday. Ministry officials said an advance force of 80 soldiers and main force of 170 soldiers will be dispatched to Somalia, on Dec. 22 and Jan. 12, respectively.

In Somalia, 251 Korean soldiers are carrying out peacekeeping operations. They are replaced according to the agreement between Korea and the United Nations that peacekeeping troops be replaced every six months. The new commander is Lt. Col. Choe Kwang-yon, who will lead the advance force and be on joint-duty with the existing troops for three weeks. The replacements will repair roads and support Somali people in reconstructing their country as their predecessors did and return in July. The ministry said that the situation in Somalia is stable and there is no safety problem for Korean troops.

Lease Accepted as Loan Repayment From Russia

SK1512025793 Seoul THE KOREA HERALD in English 15 Dec 93 pp 8, 9

[By staff reporter Yi Kyo-kwan]

[Text] South Korea has recently accepted a Russian offer to repay part of the Seoul-provided loans and overdue interests on them in the form of leasing land lots in Moscow free of charge to build a Korean trade center, a senior Korea Trade Promotion Corp. (KOTRA) official said yesterday.

The Seoul government had provided Russia with $1.47 billion in loans, $1 billion in cash and the remaining $470 million in consumer goods, under a $3 billion aid package agreed upon in 1990. But the loan programs was halted in August 1991 because of the dissolution of the Soviet Union. According to the KOTRA official, Moscow proposed to lease some 23,000 sq. meters of land in Moscow for 99 years starting next year for the envisioned Korea trade center.

Korea has been promoting a plan to open the trade center next year. The construction cost is estimated at $300 million.

"The Russian offer is hard to calculate in monetary terms now because it is difficult to estimate how much the aggregate lease rates for 99 years will be," said the official who wanted to remain anonymous.

The market price of the offered land parcel in Moscow, according to the official, is around $30 million. But the total lease rates Korea will save for the 99 years will be at least several times more than that, he added.

"We decided to accept the Russian offer as land prices in Moscow have recently been skyrocketing," the official said, adding that the two countries will announce the deal at a meeting next March of the Joint Economic Cooperation Committee.

According to him, the Russian proposal can be seen as an indication that Moscow has reversed its earlier position that it was unable to pay back either the principals of the loans or the interest on them.

Russia has thus far left the principals intact, paying Seoul only $31.6 million in interest on the loans. As of the end of October this year, the overdue interest amounted to $58 million, according to the official.

"The deal is attractive as it will pave the way for Korean construction and distribution firms to enter the Russian market," said the official.

"The envisioned trade center will be a multipurpose building housing not only offices but a hotel, a department store and apartments.

It will be built by a consortium consisting of Daewoo Corp., Kuk-dong Construction Co., Lucky-Goldstar International Co. and the Lotte Group, the official said.

"After the construction of the trade center, the Moscow government has promised to help South Korean construction firms including Lotte and Kuk-dong advance into the Russian construction market," the official said.

"Furthermore, the trade center will be a stepping stone for South Korean distribution companies like Lotte Department Store to make inroads into the Russian distribution industry," he added.

According to him, prior to the land lease deal, Moscow had proposed to repay the Korean loans and interest in kind—suggesting Russian-made weapons. Seoul rejected this offer because these weapons would not be compatible in the Korean weapons systems consisting largely of American-made weapons, the official said.

Lawmakers Return After Russian Elections

SK1512035693 Seoul THE KOREA HERALD in English 15 Dec 93 p 2

[Text] Rep. Chong Chae-mun returned home yesterday after touring Russia to observe the referendum on Russia's new constitution and elections for its new parliament. Cnong, chairman of the National Assembly Foreign Affairs and National Unification Committee, visited Russia Dec. 9-14 at the Russian government's invitation. Rep. Kang Sin-cho, a floor manager of the committee, accompanied Chong.

Defense Ministry 'Cheated' in French Arms Deal

SK1512041893 Seoul YONHAP in English 0149 GMT 15 Dec 93

[Text] Seoul, Dec. 15 (YONHAP)—The Defense Ministry has been cheated out of 6.7 million U.S. dollars by a French arms dealer and military investigators are looking into the case.

The Defense Logistics Agency signed a contract for the purchase of 105mm Howitzer shells and other ammunition for 6.7 million dollars with Efico, a French company, through Kwangjin Trading Co., a local arms broker, in November 1990.

It paid the money through the Paris branch of the Korea Exchange Bank on a bill of lading issued to the French firm in December last year, according to Defense Ministry sources Wednesday.

The agency found in June this year that the bill of lading was counterfeit and the ammunition was never shipped. The military attache in Paris then learned that the president of Efico, a small trading company, was missing. It asked the office of bank supervision for help in recovering the money. Korea Exchange Bank officials said that they had noticed some defects in the bill of lading and asked the agency if they should pay the money in spite of them, and the agency gave the go-ahead.

Agency officials, denying this, said that they never received such an inquiry from the bank and the bank was primarily responsible for confirming whether the bill of lading was genuine. The military investigative authorities have asked the French police, through the Foreign Ministry, to investigate Efico.

Defense, Foreign Ministers Report to Assembly

SK1512100293 Seoul YONHAP in English 0724 GMT 15 Dec 93

[Text] Seoul, Dec. 15 (YONHAP)—The National Assembly judiciary, foreign affairs and reunification, finance, defense and four other committees heard government reports on pending issues Wednesday, including an arms fraud and the Uruguay Round [UR] trade accord. The National Assembly also continued to deliberate bills. The Defense Committee heard in detail from Defense Minister Kwon Yong-hae of how his ministry was cheated out of 6.7 million U.S. dollars by a French arms dealer and then grilled him.

Rep. Yim Pok-chin of the Democratic Party said it was a serious matter that had revealed a loophole in the arms purchase system and urged the government to "investigate, clearly uncover who is responsible and study ways to repair the damage."

Foreign Minister Han Sung-chu reported to the Foreign Affairs and Reunification Committee that the government will reinforce its economy- and trade-related organizations and train officials in preparation for the tentatively named "Clinton Round" or "Green Round."

After conclusion of the Uruguay Round talks, the United States and other trade powers are expected to urge the world to establish multilateral rules on the environment, economic policy and taxes, he said.

"In an effort to prepare for this new 'round,' the government will establish a close relationship with private business and will cope with problems from the early stages of the negotiations," he said.

"The government will manage UR-related policies and systems in a way that is in accord with the Multinational Trade Organization (MTO) and make efforts to develop a more diversified international economic cooperation system."

Committee Schedules Local Elections for 1995

SK1512012493 Seoul YONHAP in English 0034 GMT 15 Dec 93

[Text] Seoul, Dec. 15 (YONHAP)—The National Assembly special committee on political legislation decided Tuesday to hold elections for heads of autonomous local governments in the first half of 1995.

The committee also decided the government will pay a certain amount of money to local council members for their official activities. Local council members are working for free.

The decisions are contained in a revised bill on autonomous local governments agreed on by both ruling Democratic Liberal Party and main opposition Democratic Party members of the committee.

The committee failed, however, to work out a compromise on whether the size of the local councils should be reduced. As a result, it will meet again Thursday to further discuss this issue.

"The official expense payments" to local council members are to be made under a presidential order but the method of payment and the exact amount are to be determined by the circumstances of each council.

The committee agreed to limit the right of the Home Affairs Ministry to audit local governments to illegal activities involving works entrusted by the state.

The ruling and opposition lawmakers on the committee have reached an agreement in principle to hold elections for heads of local governments and councils on two levels, small cities-counties and large cities-provinces, all at the same time.

Under the revised law, any official who wants to run for those elective offices, will have to resign from his or her current job 90 days before the election.

It means that if a National Assembly representative wants to run for the head of a local government, he or she has to give up his seat in the assembly and vice versa.

31.82 Billion Won Earmarked for Foreign Aid

SK1512055493 Seoul THE KOREA TIMES in English 15 Dec 93 p 2

[Text] A total of 31.82 billion won has been earmarked for aid programs to developing countries in 1994, an increase of 20.1 percent from the 26.48 billion won this year.

In particular, Vietnam and China, with which Korea set up diplomatic ties last year, have been named as special countries for intensive aid, said an official of the Korea International Cooperation Agency (KOICA).

KOICA under the Foreign Ministry is an outlet for a variety of aid programs to developing nations.

The government has already pledged to provide Vietnam with $2 million in aid over the four years until 1996. Besides this, some 50 technicians will be invited to Korea for on-the-job training, eight young volunteers will be sent for on-the-spot service and two vocational training institutions will be helped and repaired next year. Similar emphasis will be put on China, he noted.

A total of 500 trainees will be invited for on-the-job training here from developing nations next year, an increase of 50 persons from this year. The invitations will be sent mainly to developing nations in Asia and the Pacific and their training periods will be increased for substantial acquisition of skills, the official said.

KOICA will send 60 technicians to developing nations, a decrease of eight persons from this year. To make up for the decrease, their staying periods will increase.

The number of young volunteers serving overseas for two years will increase from 109 persons this year to 133 next year with beneficiary nations increasing from nine to 11.

Medicare personnel will fall sharply from 30 to 18 because of the lack of volunteers, while more medicine will be supplied. Taekwondoists will also be cut from 18 to 15.

Donation of equipment and machines will be slightly cut from 10 billion won to 9.37 billion won next year, while the number of projects will increase from two to six.

KOICA will undertake 11 development feasibility studies for developing nations next year. A KOICA official said that Korea needs to expand aid programs to developing nations for continuous cooperative ties. Korea's exports to developing nations account for 44.3 percent of its total, such exports register growth of 14.6 percent and overseas investments there stand at 49.6 percent of the nation's total, he noted.

Korea will become an advanced nation in 1996 when it plans to join the Organization for Economic Cooperation and Development (OECD).

Banks Urged To Develop Off-Balance Transactions

SK1512035193 Seoul THE KOREA HERALD in English 15 Dec 93 p 8

[Text] Korean banks lag far behind their foreign counterparts in off-balance-sheet transactions, through which banks generate various incomes which are not mirrored on the balance sheet, the Office of Bank Supervision (OBS) said yesterday. The off-balance transactions are divided into two categories: debt-payment guarantees and derivatives.

Debt-payment guarantees involve general guarantees of indebtness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities, while derivatives include financial futures, swap and option.

According to the OBS, the total volume of off-balance transactions for domestic banks remained at 24.2 trillion won on an outstanding basis at the end of June this year, taking up a mere 13 percent of total assets.

By contrast, the comparable volume for foreign banks doing business here was as much as 39.8 trillion won during the cited period, more than two times the total assets. Furthermore, the ratio of debt-payment guarantees and acceptance guarantees to the total off-balance transaction for domestic banks was as high as 70 percent, while the ratio of derivatives stood at a mere 25 percent, far below the 95 percent for foreign banks here.

Domestic banks' dullness in off-balance transaction, especially derivatives deals, was largely attributed to the less liberalized final market and their failure to introduce advanced financial techniques.

As for banks in industrial countries, they have been actively participating in off-balance transactions as part of their efforts to tide over a steady cut in incomes from the traditional loan and deposit business over the past few years and for hedging against the frequent fluctuations of foreign exchange in interest rates.

Along with this, foreign banks have been vigorously seeking to develop new derivatives because they can generate hefty incomes from derivatives deals without increasing assets. As a result, the volume of off-balance transaction for American and European banks is as much as two-three times their total assets.

Meanwhile, the off-balance deals could bring banks handsome profits but at the same time contain high risks which lead banks even to bankruptcy as shown by the Herstatt Bank case. The German bank went bankrupt in 1974, largely because of a failure of about 400 million German marks worth of forward exchange deals.

Domestically, Kwangju Bank incurred about 34.4 billion won of losses in 1989, the same reason as the Herstaff Bank.

* Complaints About Party Leadership Reported

942C0041A Seoul WOLGAN CHUNGANG in Korean Nov 93 pp 402-411

[By reporter Kim Kyong-hong]

[Text] "Is there any hope for the Democratic Party?" This is not a question of voters alone. It is actually posed more strongly by Democratic Party [DP] lawmakers in the National Assembly, party officials, and party members.

Recently, when DP lawmakers gather unofficially they often say: "This just won't do." Even self-contemptuous evaluations are often heard. "If things continue the way they are, the party will be ruined and we'll have to be prepared to loose our seats in the National Assembly."

Why would a political party which is heir to a legitimate opposition party and holds close to a hundred seats in the National Assembly be suffering from such criticism, both from within and without?

Even though responsible for one-third of the national government, given the percentage of seats it holds, the DP is unable to find its place and position as an opposition party. This is unmistakably the reason for such criticism.

There are several big reasons the DP is presently suffering from this sense of powerlessness. The atrophy of its role as an opposition party, more than anything else, stems from Kim Yong-sam's election as president and Kim Tae-chung's retirement from politics. It is in no way an exaggeration to say that the modern history of opposition parties was a history of the struggle for power between the two Kims. Of the two men, one took hold of power and one left the political world. As yet, no one has been able to fill the political vacuum left by these two, whose fierce struggle for power gave birth to the civilian government. The correct expression would be to say, no one can even think about filling it.

The lofty images of the two Kims are also at fault here, but, to a great extent as they each left in turn, they took the whole foundation for the very existence of the party with them.

The two Kims left no inheritance whatsoever to the opposition-party heir, the DP. They even maintain a firm grip on their remaining property, or else took it with them.

President Kim Yong-sam secured complete legitimacy for himself. The pace of his reform policy is fast, excessive even for an opposition party. The DP cannot question his legitimacy. Furthermore, the president gives no room for criticism of his reform, an opposition-party trademark. Actually moving before the opposition, the president made the opposition party appear as though it were a force of privileged conservatives with the personal-assets registration by public officials and his sudden implementation of the real-name financial system; the political-law amendment process soon to proceed will also have this effect.

Pushed to the side by President Kim's legitimacy and reform drive, even the banner of settling issues of the past, the best the opposition could come up with, is not getting a public response. At present, President Kim is showing a strong devotion to reform the consciousness of the political world, calling for elections that do not take money and the creation of a clean political climate. This is a denial of the party in which President Kim grew up and, moreover, of the political world's mode of life itself. The plutocratic climate in which power was abused by the ruling party had been the foundation of the existence of opposition parties, which could boast a relative moral superiority. This has been our political reality until now.

After weakening the foundation for existence of the largest opposition party, President Kim stole the opposition's work with his policy too. His call for clean politics not requiring money blocked even the opposition party's exit from factional politics. Opposition efforts to overcome this and its self-reform movements have, up to the present, been insignificant.

What is Kim Tae-chung's influence on the DP?

Although he left the DP, Kim Tae-chung presently has the influence to threaten its very existence. His past charismatic management of the party is sufficient to stir up nostalgia in figures within the DP, recently unable to regain its balance. His ability to raise funds was good, as was his party management.

Kim Tae-chung still holds the key to the future of the DP. It is his unchanging base of support. One can safely say almost all DP lawmakers and local-chapter chairmen are looking only to Tonggyo-dong [neighborhood where Kim Tae-chung lives]. Particularly, lawmakers from the Honam and Seoul areas have absolute faith in Kim Tae-chung's influence.

The party president and executives are no exception to this. Rather than asserting their rights as the masters of the DP, they believe they can guarantee their present positions and futures by not offending the one in Tonggyo-dong (Kim Tae-chung's former residence). This is the present reality of the party.

The birth of Yi Ki-taek's leadership of the party was possible under the protection of Kim Tae-chung. Even if party management was not remotely controlled from Tonggyo-dong until now, it would have been impossible without the cooperation of Kim's direct faction.

Even setting out the honorable death [as published] of the party, Kim Tae-chung's ability to exercise this kind of influence is partly due to his absolute support base, but it also because of something about which he makes firm denials disbelieved by many: the possibility of his return to politics.

Many DP lawmakers still want him to return to politics and there are groups watching for the opportunity for such a move. Of course, it seems clear that there is no possibility of his return to politics if the political world rolls along smoothly without any external shocks. However, if sudden internal or external change is imminent or if there is a change in North Korean circumstances effecting unification, there is always the possibility he will return to politics. Although unspoken, the DP's consciousness of Kim Tae-chung's status and unseen position is because of his potential and because of his absolute influence.

In its policy and line, the DP is being overwhelmed by the new administration of President Kim; in its internal administration, it is under the influence of Tonggyo-dong. More than anything else, the DP must overcome this reality. The key to the solution of structural problems within the party, such as problems with its system of leadership, is also implied here. Unless this is overcome, the DP will inevitably collapse or be divided.

If there is no change in President Kim's present management of the Democratic Liberal Party [DLP], then the regional assembly presidential elections in 1995 and the National Assembly general election in 1996 will go as he desires. Whether in party nominations or in personnel changes, President Kim can do what he wants. In this process, even if not completely artificial, President Kim can easily change the framework of the political world he is forming in a natural way. We can easily presume a possiblity of the formation of a new political party or the enlistment in the opposition by those rejected for party nomination and rebel DLP forces. The party's choice of its next presidential candidate will also inevitably be determined by the new political framework President Kim is forming. This is the ruling party's dynamic composition.

If the DP's situation continues as present, its operations for the regional assembly presidential elections and the general elections will inevitably be carried out under the absolute influence of Kim Tae-chung. This is not because Kim has control of party nominations. Rather, it is because of the Honam and Seoul areas, presently the foundation of the opposition party. Whether one is under the shadow of Kim's influence will make an enormous difference in whether one is elected.

If the composition of the political world continues as present, then the influence of the two Kims will be absolute for all elections taking place before the next presidential election. This prediction means that a confrontation between the two Kims is unavoidable even during this administration. If anything has changed, it is that the two will not go at it directly, but will carry out a battle by proxy: the "New Two-Kims Confrontation."

The key for avoiding the new two-Kim's confrontation is not in the hands of the DLP. Only a revolution could surpass the power of someone who is both president of the nation and of the ruling party.

However, the DP holds the key. If successful in casting off its sense of powerlessness, if it reorganizes its leadership system, reforms its party character, overcomes regional limitations, establishes a will for legitimacy, etc., the DP will no longer be strongly attached to the past nor will it have to be careful not to offend Kim Tae-chung.

Of course, within the DP, it is impossible to deny Kim Tae-chung's influence itself. However, a rough "Post-DJ" [Kim Tae-chung] outline is taking shape and a most realistic method of overcoming the problem would be for Kim to support this. In fact, among groups within the DP waiting for a post-DJ situation, the overwhelming mood is one of determination to drive the general trend of the party in this direction. Among groups within the DP desiring to gain control of the party and to produce the next presidential candidate, goals differ in accordance with each group's understanding of when the post-DJ era will open full-scale. Groups close to Tonggyo-dong want to delay this as much as possible; party president Yi Ki-taek and others of the old Democratic Party faction and non-Tonggyo-dong groups are thinking to move the time forward as much as possible.

There are still no shocking challengers like the "40-year-old Standard-bearers." If there are, it would only be the independent line walked by Representative Chong Tae-chol, but he is unable to give the fresh shock provided in the past by the two Kims and is showing limited ability to concentrate independent forces.

At present, the DP is managed completely under the control of its system of group-leadership by nine chief executives. Each has exactly one-ninth of the authority to make decisions on proposals. For delicate proposals requiring unanimous consent, it takes several days to reach a conclusion. One example of this: It took an entire week to select a candidate for the last Tong-ul, Taegu special election, and not everyone consented to the decision made. Even when the party decides on an issue, party executives openly express criticism on parts of that decision if they are not in accordance with their thinking. When the election ended in a crushing defeat, the blame was put on Party President Yi.

This problem also came into sharp focus during the last personnel changes of low-level party officials. In spite of the fact that personnel action standards were clearly established in the party executive committee, after the personnel changes were announced, the DP suffered the pain of a month-long occupation of party headquarters by those who were rejected. The reason for this was instead of strictly applying the personnel action standards, the chief executives applied a "divide power" principle in the personnel changes also, each getting his one-ninth share.

The problem with personnel changes, a strategy to be used in the National Assembly, is that not even one has been disposed of without noisy dissention. It is a common occurrence for decisions reached in the chief executives council to be denounced in the party executives council or general assembly, and then be returned to the chief executives council.

It is often heard that Party President Yi lacks leadership ability, but for him, the present leadership system is an unavoidable reality. If Yi has failed, it is because he was unable to convince other chief executives opposing him and prevent the dissent from leaking outside the chief executives council. It is also because—although limited to one-ninth of the power—he has been unable to bear the whole burden of the pain of party funding problems, etc., in a way befitting his Party President title. Yi, however, appears to have no intention of bearing the whole burden, since his share of power is only one-ninth.

Some of the chief executives understand the position with which Yi is faced. The political interests of each of them, however, are still to be found in highlighting his own image and in securing a greater share of power, rather than in defending Yi.

Each of the chief executives, in his own way, points out the problems of the party leadership system. The explanation is convincing, however, that the reason they are not readily aligning themselves with the movement to reorganize the system is that each enjoys his present power. They all share equal authority with the party president, but do not bear the same responsibility to the outside.

Also, they are in no danger of being damaged politically. If they reorganize the system, there is no guarantee that they will be elected as chief executives again.

To overcome the problems of the present system, they must go to a purely unified leadership or a unified group leadership. This means there will be only one master. They must choose between all or nothing.

The present masterless, nine-chief-executive joint-stock company form of party management makes the DP appear to be a powerless party in which "nothing goes right, but nothing goes wrong either."

At present, unlike the chief executives, most DP lawmakers and party members are openly demanding an early opening of the party national convention to reorganize the party leadership system. Most average lawmakers and party members are disgusted at a leadership showing no desire for legitimacy.

It is difficult to predict whether a major surgical operation of discontent within the party will result from upper-level efforts at reorganization spurred by lower-level demands or from an explosion of dissatisfaction within the lower ranks. It is unmistakable, however, that all members of the DP foresee this inevitable change and are searching in uncertainty for the time and method by which it will be achieved.

The leadership is more seriously concerned about the perception shift in the DP and about preparing against the "great disturbance" that will result from this process than about present party administration.

"It's very possible that the reorganization of the DP will come much more quickly than expected," foresaw one veteran DP lawmaker. He also pointed out that the office term of the present leadership, two years, was too long for experimental party management.

Close to 80 percent of lawmakers within the party are dissatisfied with the present dubious image of the DP and desire change, according to the diagnosis of this lawmaker. He says the only reason they are refraining from taking concrete action is that each of them has been unable to reach a conclusion about how it would effect his faction.

With an overall view of lawmakers' discontent, we can guess that the reconstruction of a strong opposition party is the greatest outstanding issue within the DP. Strong leadership and a strong leadership system to back it up are essential for achieving this.

Signs that change is coming more quickly than expected can be read in the DP's scheduled political agenda as well as in its internal problems. Regional assembly presidential elections are set to be held in 1995 and the general election will take place in the spring of 1996. By the end of 1994 the opposition party must be prepared for an election.

For an opposition party, there is nothing as important as an election. Given the problems of the present leadership system, however, we cannot really expect to see suitable nominations or a strong, effective election-support system.

A whole seven months have passed since the birth of the Yi leadership within the DP, but not even an organizational reenforcement special committee for dealing with problems has been formed. The time is too pressing to wait until the March 1995 opening of the DP national convention as stipulated by the party constitution, to put the leadership system in order. Ultimately, we can only conclude that, beginning the middle of next year, the DP will be enveloped in the great commotion of a fight for the leadership, such as a movement for the early opening of the national convention.

Recently, factions within the party have suddenly begun reshuffling their organizations and increasing their activities. These are preparations against the possibility of an early national convention. As ants have the instinct to foresee a flood and move their homes, DP lawmakers are instinctively preparing against foreseen changes in the dynamic composition of the party.

At present, on the surface, the DP is divided into the following groups: the mainstream alliance group of Party President Yi Ki-taek's old Democratic Party faction and the Tonggyo-dong direct faction that supported him for Party President; two non-mainstream groups, one led by Representative Kim Sang-hyon and the other by Representative Chong Tae-chol; and a neutral group just watching the situation. There is no clear border dividing them into mainstream and non-mainstream groups, however. Mainstream and non-mainstream can be switched around with one shocking blow. There is also no power ranking between the party's chief executives.

An influential figure in the DP, a certain Rep. Kim predicted that in the next national convention, there would be a fight that would first clearly divide the mainstream from the non-mainstream and then decide the power ranking within the mainstream group. Based on this, the last great battle between mainstream and non-mainstream groups will be fought to decide the presidential candidate in the next national convention.

The front runners, with their eyes on the next DP presidential candidacy and even the next national presidential candidacy, have already started to advance. The only difference between them is that some openly express their desires and others hide them; their objectives are the same. After first securing their own forces, they plan to obtain the protection of Kim Tae-chung which will support them from behind.

Of course, among them, there are those who are going into this prepared to leave the party in the event they cannot get Kim's support. Within the DP, therefore, private organizations are presently growing stronger. This is even being expressed as the Warring States Period of Private Organizations.

People are more concerned with expanding private organizations than with being loyal to the public organization. There is even concern that the battle between private organizations for party leadership may accelerate the weakening of this public organization.

Created immediately after the merger of opposition parties, last month Yi Ki-taek reorganized and expanded his own faction, the "Tongil Sanhahoe" [Tongil means unification]. In the Tongil Sanhahoe's second general assembly held on 23 September at the Academy House in Suyu-ri, Representative Kang Chang-song was elected as chairman, Representative Yang Mun-hui and former assemblyman Kim Song-sik as vice-chairmen and Represenative Chang Chae-sik as annex research center director.

Party President Yi himself, along with Represenative Pak, Yi Chong-jae and Choe Yong-gun, participates under the title of Permanent Advisor. There are over 20 National Assembly lawmakers participating in the Tongil Sanhahoe: Cho Sun-hyong, Hong Sang-dok, Chang Sok-hwa, Chang Ki-uk, Kang Su-rim, Kang Hui-chan, Kim Won-ung, Kim Chung-hyon, Yu In-tae, Pak Kye-dong, Pak Un-tae, Kap Chin-uk, Won Hye-yong, Yi Kyu-taek, Chong Ki-ho, Choe Tu-hwan, Choe Uk-chol and others.

Before this, Yi also expanded and strengthened his secretariat, centered around Chief Secretary Mun Hui-sang. Formerly a secretary to Kim Tae-chung, it is reported that Mun has taken on the role of maintaining close contact and of fine tuning opinions with Tonggyo-dong.

A group of those directly connected to Tonggyo-dong, the "Korean Policy Research Association" had been the largest faction within the party. It reunited with the "New Political Culture Research Center" of Chief Executive Han Kwang-ok, who for strategic reasons dropped out of last Spring's election for chief executive, expanding and reorganizing to become the "Internal and External Issues Research Center." Getting underway in early September, the Internal and External Issues Research Center has National Assembly Vice-Chairman Ho Kyong-man as its chief executive officer, Representative Yi U-jong as its president, and chief executives Han Kwang-ok and Kwon Ro-gap and permanent advisors.

With the majority of active lawmakers within the DP participating, the Internal and External Issues Research Center boasts being the largest faction within the party. Unlike Party President Yi's Tongil Sanha Hoe, there is no clear front runner; chief executives Han and Kwon form a leadership group.

They also supported Yi during the party national convention last March, but if Kim Tae-chung drops his support for Yi or declares complete neutrality during the next competition for party president, they have the potential to give birth to a strong, independent candidate. Whatever the case may be, it is unmistakable that this pan-Tonggyo-dong group is the strongest power group and that it will decide the direction of the next party leadership.

A challenger in the last election for party president, Representative Kim Sang-hyon is also steadily managing his organization through the "Group for Life and the Environment," hoping to make a comeback.

Individuals are expanding the range of their activities, using private organizations as bases for extending their power: Chief Executive Kim Won-gi, the "Hanbaek Political and Economic Research Center"; Chief Executive Yu Chun-sang, the "21st Century Economic and Social Research Institute"; Chief Executive Cho Se-hyong, the "Chonghak Research Center"; Representative Chong Tae-chol, the "21st Century Unification Era Preparation Group"; and Chief Executive Yi Pu-yong and other opposition lawmakers, the "Reform Politics Group."

The leaders heading these private organizations are absorbed in expanding their organizations and setting up strategy to get control of the party's next leadership.

The present front runner is Yi Ki-taek. With the premium of being the present party president, Yi aides have believed that if he goes on representing the party without making any serious mistakes, he will be able to gain the party's candidacy for the next presidential election. Even if we only look at the outward signs, the no-alternative argument within the party is convincing. We can see that Yi has been waiting for the no-alternative argument to mature.

Recently, however, it is being sensed everywhere that Yi's thoughts are changing. A nominal party president, as was seen in the process of his handling of various problems within the party, he is faced with the unavoidable limitation being unable to promise anything concerning the future. Lately, each rapid advance of the Tonggyo-dong faction and its selective cooperation with Yi are inciting him to revise his strategy.

Preparing for the reality, "In politics, if you can't go up, you're bound to go down," Yi's aides demand people take it easy on Yi in view of his position.

Yi made it to where he is today by "tightrope politics," "patient politics" and "waiting politics." With only one place left to go up, the assertion that he will make his last play for victory is very convincing.

Yi's present situation is similar to that of President Kim Yong-sam at the time of the three-party merger. He is holding on to the precarious number-two-man position with no guarantees whatsoever, enduring all kinds of abuse. From this point of view, they both have in common the fact that they leaped into the tiger's den.

Yi's play for victory could actually be to give up his position as party president before party members and his competitors demand it. Rather than being attached to the office of party president, which would only cause him more damage, he would choose an appropriate time and make his move, first linking his office to the realization of an early national convention. This is how limited Yi's choices will become if he cannot quickly build a party he can move at will.

Even while seeking as much cooperation as he can get from Tonggyo-dong, Yi has been independently contacting, on a regular basis, figures from the academic and economic sectors, the media, and organized labor and has been strengthening his relationships with United People's Party President Kim Tong-gil and New Korea Party President Yi Chong-chan. This is also a part of his attempt to stand alone. Even assuming the worst-case scenario, it is correct to conclude that Yi is forging ahead. Also showing a strong yearning to become the next party president, Representative Kim Sang-hyon is pouring all his efforts into expanding his power, such as securing supporters among legislators. He is avoiding any further statements concerning possible circumstances after the party leadership is decided, however.

During the last party national convention, Representative Kim proclaimed, "I will not run for the presidential candidacy." A combined intention not to offend Kim Tae-chung and to get Chong Tae-chol, who had declared he would run for president, probably came to play in this decision. As a candidate for the presidency of an opposition party, however, he was criticized for being too worldly in his goals.

Recently, the problem of reforming the character of an opposition party which does not even hope for a change of government is seriously being raised in some sectors of the party. Not that long ago, when the two Kims were active in the opposition, the opposition parties rolled along in the expectation of a change in government. It is now being criticized for admitting that it lacks able men.

Chief executives Kim Won-gi, Han Kwang-ok, Cho Se-hyong, Yu Chun-sang and Kwon Ro-gap, as well as Representative Kim Pong-ho, also covet the party presidency, but, unlike Yi, Representative Kim Sang-hyon and Representative Chong Tae-chol, are avoiding bringing this up publicly. It is assumed that these groups will come to the surface when Tonggyo-dong either turns its good will toward them or declares its complete neutrality.

This desire for change in the opposition party is not only seen from the outside, but it has become a fierce wind blowing within the party as well. A great typhoon accompanying the perception shift in the DP is drawing closer and closer.

Burma

U.S. Congressional Delegation Meets Ministers

BK1412154393 Rangoon Radio Burma in Burmese 1330 GMT 14 Dec 93

[Text] A visiting U.S. congressional delegation led by Congressmen Mr. Jack N. Fields visited the Communications, Post, and Telegraphs Ministry; the Forestry Affairs Ministry; the Livestock Breeding and Fisheries Ministry; and the Trade Ministry this morning and called on the respective ministers.

The congressman and his party met with Lieutenant General Chit Swe, member of the State Law and Order Restoration Council [SLORC] and minister of forestry affairs, at his office at 0900. At the meeting, cordial and frank talks were held on improved relations, environmental protection, technical cooperation, and bilateral economic cooperation.

Similarly, the delegation called on Brigadier General Maung Maung, minister of livestock breeding and fisheries, at the minister's office at 1000. The congressman and his party explained modern methods of cattle, poultry, and fish breeding activities which are highly successful in the United States and noted the success in livestock breeding research, genetic engineering, and other technical research programs. They said American entrepreneurs want to know what the priority activities are in Myanmar [Burma] and discussed the depletion of fish and shrimp in Southeast Asian countries.

The minister replied that since Myanmar is an agricultural country, work is in progress for breeding bulls for agricultural and transportation purposes, and in addition dairy farming and milk product factories have also been implemented. The minister also noted that by expanding livestock breeding activities, it will be sufficient not only for local consumption, but also for exports and added that these activities have great economic potential. He explained that Myanmar is one country in Southeast Asia where there is no depletion in fish and shrimp reserves. The minister said that the annual output of fish and shrimp without any resource depletion is 1.05 million metric tons and the yearly catch accounts for only 55 percent, so there is potential to increase production. Brig. Gen. Maung Maung next noted that there are 25,920 hectares of salt water and fresh water shrimp farms which are only in the test farming stage.

Continuing, he explained that there are 9.8 million hectares of usable land in Myanmar and another 0.5 million hectares in the coastal areas which show great prospects for increasing shrimp farming. Finally, Maung Maung said Myanmar has been engaged in profit sharing activities for its resources with foreign countries enjoying the rewards accordingly.

The U.S. congressman and delegation next called on Lt. Gen. Tun Kyi, SLORC member and minister of trade.

Train Hits Mine; Minor Damage Reported

BK1312151993 Rangoon Radio Burma in Burmese 1330 GMT 13 Dec 93

[Text] Armed organizations from the jungles have been disrupting the peace and tranquility by shooting at passenger vehicles and mining railroads with the aim of killing and maiming innocent people. At about 0730 on 7 December 1993, the Loikaw-Thazi 141-UP passenger train with engine number DF2015 hit a mine laid by the Pa-O National Organization [PNO] near Naungyoe Village between Thayarsaung and Saungtan railway stations at milepost no.444/5. The engine and one passenger coach were derailed. It has been learned that there was only slight damage to the engine and coach with no casualties.

Colonel Maung Kyi, chairman of Kayah State Law and Order Restoration Council and regional commander, and staff officers; regimental commanders; U Kyaw Soe, deputy general manager of Myanmar [Burma] Railways and members; chairmen of Pinlaung and Pekon Township Law and Order Restoration Councils; township medical officers; members of the People's Police Force and the Red Cross Brigade; and the local populace went to the accident site and rendered necessary assistance.

Next, Col. Maung Kyi and party inspected the damage, gave necessary assistance, and met and held talks with the local people. He explained the government spent millions constructing this Shan-Kayah Union Railroad for the development of the national races with the cooperation of the Defense Services personnel and the local populace. He noted the national races have been happy to have economical travel and urged cooperation with the Defense Services in providing security for the railroad.

Our Defense Services column is in hot pursuit of the fleeing PNO armed group.

Brunei, Malaysia & Singapore

Malaysia

Cambodia's Ranariddh Speaks to Reporters

BK1112090193 Kuala Lumpur BERNAMA in English 0450 GMT 11 Dec 93

[Text] Langkawi, Dec.11 (OANA—BERNAMA)—Cambodia, currently rebuilding its fregmented armed forces after years of civil war, is looking for weaponry and equipment from Malaysia and elsewhere, its first Prime Minister Prince Norodom Ranariddh said Friday.

We are in a process of setting up a new Army, Air Force, and Navy and for the armed forces training school we are interested in the MD3 trainer, he told reporters here.

Ranariddh, who earlier called on Prime Minister Dr. Mahathir Mohamed, could not say whether the Cambodian Government planned to buy the trainer to be manufactured by SME [expansion unknown] Aerospace.

I don't know, it depends on the pricing, he said, adding that his government could ill-afford expensive equipment as it was concentrating on economic development and reconstruction.

We are also in the process of negotiating for a frigate from Malaysia because we have some problems with our neighbours in terms of fisheries, he said.

Ranariddh was here for the six-day Langkawi International Maritime and Aerospace exhibition (Lima '93), which enters its fourth day today.

Meanwhile, Defence Industry officials said Cambodian interest in naval vessels might also include the possibility of Malaysian-built patrol boats once the multi-million locally-built offshore patrol vessel project for the Royal Malaysian Navy got underway.

The Cambodian Government might pay for the purchase through barter trade, they added.

Mission Clinches Business Contracts in SRV

BK1512065493 Kuala Lumpur NEW SUNDAY TIMES in English 12 Dec 93 p 9

[Text] Muar, Sat.—Malaysia has clinched 69 business contracts involving a wide range of goods and products with Vietnam through a 70-member delegation which went on a 10-day trade mission to that country and Cambodia recently.

Of these, several deals amounting to RM [Malaysian ringgit] 300,000 have been confirmed, while RM17.1 million worth of goods are placed on potential orders and RM10 million are proposed investments in plantation.

Four other local agents have secured deals in chemicals, video tapes, and furniture.

Deputy International Trade and Industry Minister Chua Jui Meng, who led the mission, said trade with Vietnam rose 1,000 percent between 1987 and 1992 from RM43 million to RM440 million and in the first eight months of this year, exports to Vietnam grew 311 percent.

"Several memorandums of understanding have been signed between Malaysian businessmen and their counterparts in Vietnam," he told reporters after opening the first resource centre under the Langkawi project at the MCA [Malaysian Chinese Association] Grisik branch here last night.

Chua said Malaysian investors stood at ninth position in world trade with Vietnam and would be among the top four when all current deals materialised.

Chua said Malaysia had chosen Danang to spearhead the entry of its goods into Vietnam because the site was on the former American naval base during the Vietnam war—half-way between Ho Chi Minh City and Hanoi, a strategic location with good infrastructure, easy communication, sea port, and airport.

"We are also intensifying trade with non-traditional markets in the South-South region to promote direct and closer economic ties," Chua said.

Deputy Prime Minister Meets Jordan's al-Majali

JN1112131693 Amman Radio Jordan in English 1200 GMT 11 Dec 93

[Text] The Prime Minister Dr. 'Abd-al-Salam al-Majali, in Kuala Lumpur, has held talks with Malaysian Deputy Prime Minister and Finance Minister Anwar Ibrahim on the Middle East peace process.

The prime minister explained Jordan's position toward the peace process. At the end of the talks, the Malaysian official explained that Jordan hopes to make closer contacts with Malaysian businessmen and to strengthen cultural ties with Malaysia. He explained that there are 400 Malaysian students in Jordan studying Arab and Islamic studies.

Dr. al-Majali arrived in Malaysia yesterday on a two-day visit en route to Japan.

Bofors Wins Contract To Supply Naval Guns

BK1512074193 Kuala Lumpur THE NEW STRAITS TIMES in English 13 Dec 93 p 2

[Text] Bofors has won the Ministry of Defence's contract to supply 57mm Mk2 all-purpose naval guns for the two new frigates ordered for the Royal Malaysian Navy (RMN).

Magnus Eriksson, product manager of naval weapon systems for Bofors Weapons Systems, said the ministry made the decision recently.

"The 57mm guns have been selected as the main armament for the two frigates built by Yarrow Shipbuilders," he told the NEW STRAITS TIMES when met at the Bofors booth at LIMA [Langkawi International Maritime and Aerospace] 93.

This is the first such guns to be fitted on RMN warships but the Swedish defence company has supplied 150 units to 30 navies and marine police forces worldwide.

The new 57mm Mk2 gun weighing six tons, is the only surface-target naval gun that has an air defence capability. Its rate of fire is 220 rounds a minute and has a range of 17km.

The two frigates for the RMN costing RM1.4 billion are being built in Glasgow. They are expected to be delivered to the navy in 1996.

Bofors is also offering the 57mm Mk2 and the 40mm L/70 Mk3 air defence gun as a secondary armament to be equipped to the offshore patrol vessels (OPVs) to be built for the RMN.

Eriksson said the Bofors 40mm L/70 Mk3 is a versatile gun system that can be used as an anti-aircraft gun for the OPVs or as the principal armament on smaller patrol boats.

"This gun can be locally or remotely controlled. It is highly accurate and capable of firing 330 rounds per minute," he said.

The RMN has an immediate requirement for 27 OPVs costing about RM4 billion with the privatised Naval Dockyard Sdn. Bhd. [Private Limited] in Lumut as its principal contractor.

The Defence Ministry is expected to announce soon the foreign shipyards which would cooperate with Naval Dockyard to design and build the OPVs.

Eriksson said the Bofors had submitted proposals to modernise 24 Bofors 40mm air defence guns currently used by the army.

"Negotiations with the Department of Army is now at an advanced stage. We expect the Defence Ministry to make a decision soon," he said.

He added a memorandum of understanding (MoU) with the Penang Shipbuilding Corporation (PSC) was signed three days ago with a view to improving the capability of the gun workshop in the Naval Dockyard.

For the signing, Bofors was represented by its president, Egon Linderoth.

Under the MoU, Bofors will enter into a joint venture with PSC to improve the maintenance capability of the gun workshop in the Lumut facility.

Growth Hits 8.1 Percent; Minister on Outlook

BK0812105993 Kuala Lumpur Voice of Malaysia in English 0600 GMT 8 Dec 93

[Text] Malaysia registered an 8.1 percent growth in its real gross domestic product in the third quarter of 1993. Deputy Prime Minister Datuk Sri Anwar Ibrahim disclosed this while speaking at the joint annual dinner of financial institutions hosted by the Association of Banks in Malaysia in Kuala Lumpur.

He said growth in manufacturing and construction continues to be strong. Malaysia is achieving its 16th consecutive month of trade surplus.

Datuk Sri Anwar said Malaysia is confident that the nation's economy will remain strong this year and will stay on course next year. The country recorded a growth of 7.6 percent in its real GDP in the first quarter of the year and a remarkable a 10.3 percent in the second quarter. For 1993, as a whole, the Treasury has estimated eight percent growth in real GDP, some 0.2 percentage point higher than in 1992.

Datuk Sri Anwar, who is also the finance minister, said that the average annual growth of 7.5 percent target for the Sixth Malaysia Plan was likely to be surpassed and the target of 7 percent growth for period 1991 to 2000 should, therefore, be easily within reach.

On world trade, Malaysia will still proceed unilaterally for gradual liberalization. According to Datuk Sri Anwar, Malaysia has already offered to the General Agreement on Tariffs and Trade, GATT, a liberalization package which would open up virtually the whole of its financial services sector to foreign competiton. He described 1994 as a crucial year for the country's financial institutions. First, because if GATT successfully concluded its trade pact on the 15th of this month, it would have a direct impact on the country's services industry of which the financial sector constituted a major component.

Singapore

Hun Sen Arrives for Official Visit 14 Dec

BK1512075193 Phnom Penh National Voice of Cambodia Radio Network in Cambodian 0430 GMT 15 Dec 93

[Text] According to a report we have just received, His Excellency [H.E.] Hun Sen, second prime minister of the Royal Government of Cambodia [RGC], arrived in Singapore on the evening of 14 December on a working visit at the invitation of the Singapore Government.

H.E. Hun Sen and his delegation were welcomed at Changi International Airport by Mr. Goh Chee Wee, minister of trade and industry, Mr. (Musa Ali), chief of protocol; and Alan Yeo, chairman of the Trade Development Board.

H.E. Hun Sen is scheduled to meet and held talks with Singapore Prime H.E. Minister Goh Chok Tong on 16 December and with Senior Minister Lee Kuan Yew on 17 December.

Premier Accepts Defense Minister's Resignation

BK1412144993 Singapore Singapore Broadcasting Corporation in English 1400 GMT 14 Dec 93

[Text] The prime minister has accepted Defense Minister Dr. Yeo Ning Hong's request to leave the cabinet from 1 July next year. A statement from the Prime Minister's Office says Dr. Yeo will formally tender his resignation to the president when the time approaches. Dr. Yeo will remain a member of Parliament after his resignation.

In a letter to Mr. Goh Chok Tong in July this year, Dr. Yeo said he had wanted to step down from the office of minister to return to private life some years ago. However, Mr. Lee Kuan Yew, who was then prime minister and Mr. Goh, who was then first deputy prime minister, had asked him to stay on [words indistinct]. Dr. Yeo said it is now appropriate for him to step down as the by-election has been won, the SEA [Southeast Asia] Games is over, and major policies in the Ministry of Defense implemented.

In his reply, Mr. Goh expressed his personal disappointment for not being able to persuade Dr. Yeo to stay. He is concerned so many ministers want to return to private life in the last two years. However, Mr. Goh was grateful that Dr. Yeo had given 13 of his best years to public service. He said Dr. Yeo had been an effective minister, both for communications and information as well as for defense.

Cambodia

Sirivut Views Thai Foreign Minister's Visit

BK1412110593 Phnom Penh National Voice of Cambodia Radio Network in Cambodian 0430 GMT 14 Dec 93

[News conference by Prince Norodom Sirivut, deputy prime minister and minister of foreign affairs and international cooperation, with foreign and domestic correspondents at the Foreign Ministry on 13 December—recorded]

[Text] [Sirivut] Welcome brothers and sisters from a number of local and foreign newspapers. Today I wish to inform you about several issues as part of a report on the outcome of the official visit to Cambodia by His Excellency [H.E.] Prasong Sunsiri, minister of foreign affairs of the Kingdom of Thailand. He and I discussed a few questions together and the main reason of his visit was to stress the stance of the Royal Thai Government [RTG] toward our country. First of all, the RTG recognizes that our legal government is the authentic authority with which the RTG wishes to establish all-around close cooperation. For this reason, he repeatedly reiterated that he does not recognize the Khmer Rouge, who are an illegal group. He said he recognizes only our royal government and there are relations only between the two royal governments, between the two kings. This is a good development in the official position of the RTG.

I also would like to inform you that some said this to me: Prince, how about the different comments made by the Thai military, by certain Thai generals who consider Cambodia as merely a faction? I would like to tell you that I do not listen to such comments. The Thai generals can say what they want. What counts for me is that Mr. Prasong Sunsiri, who is the foreign minister of the Kingdom of Thailand, has affirmed the official stance.

In our country, as I have already reminded His Royal Highness [HRH] Prince Krompreah Norodom Ranariddh and H.E. Hun Sen, our generals cannot speak on behalf of our royal government. Our Khmer Royal Armed Forces [KRAF] duty is only to defend our territory and our population. The country's policy can be enunciated only by Prince Krompreah Norodom Ranariddh as first prime minister, H.E. Hun Sen as second prime minister, and I myself as deputy prime minister and minister of foreign affairs. In the future, we will have an official spokesman of the government. The royal government will choose an official spokesman to speak for it. We just cannot allow a person to say one thing and another person to say another. That can only create confusion. Consequently, we do not pay attention to the conflicting statements by the ruling Thai parties. What we want is the true stance of the RTG, and we have confirmed it now. Mr. Prasong stressed that he does not support the Khmer Rouge. He also spoke about the arsenal captured a few days ago inside Thailand. In this connection, I reiterated on behalf of the royal government first that the capture of the arsenal is an internal affair of Thailand because that incident took place inside Thai territory. Thailand being an independent country with full sovereignty deserves our respect. Nevertheless, I informed Mr. Prasong that according to what I had heard, a segment of international and national opinion as well as opinion in political circles was full of praise for the Thai royal police because they carried out an excellenct operation in seizing the illgal arms. We—our people and international opinion—congratulate the Thai police for their successful operation in seizing the illegal arms cache. We praise them for suppressing anything illegal. We expect that the Thai police will continue to arrest and suppress anything illegal inside their country; it is their business. As far as the Khmer Rouge are concerned, however, as I have already mentioned, it is a Cambodian affair. I hope that Thailand will no longer interfere in the Khmer Rouge affair.

Another issue is trade. Mr. Prasong Sunsiri also raised this issue. He asked me to look into this floating hotel business. According to Prince Krompreah, first prime minister; and H.E. Hun Sen, second prime minister, our royal government has already made the decision to suspend operation of the floating hotel, meaning that it must be shut down now. This is the decision of the royal government. Some have expressed concern that if the royal government revises contracts, other investors will be frightened away. I have informed a number of Thai friends that it is not correct to say that we are revising contracts since there have never been any contracts. The floating hotel was opened without any contract at all. If there is no contract, how can we revise it?

I informed Mr. Prasong when he asked for a favor for a stay of execution—of course the decision has already been made to close it down, but for technical reasons it might take some time for the ship to be moved away—that this issue will be raised in the cabinet meeting. However, in principle, this business is illegal because of the lack of a contract. Second, the royal government's position is to close it and move it to another location. We have not said that it is being expelled. The competent authorities said that the present site is inappropriate: A Thai ship is moored right in front of our royal palace. I have asked our Thai friends to be understanding toward this problem. Suppose I, Prince Sirivut, and a number of others wished to invest in Thailand by opening, say, a Cambodian Inn in front of the Thai royal palace; would the Thais permit us? So, we should be understanding toward one another.

Just now I have been assured by the royal government, that is, the Ministry of Public Works and Transport that there is no technical problem involved at all. If there is a deadline for that ship to go, the ministry is competent enough to move it out in time. For this reason, I was quite surprised to read in the Thai newspapers BANGKOK POST and THE NATION that Mr. Prasong Sunsiri said I had promised to him that a postponement would be allowed. I made no promise at all. I only said that I would submit this issue for consideration by the royal government and the competent ministries. And I have just learned from our royal government through a call by H.E. Veng Sereivut that the Ministry of Public Works and Transport saw no problem in moving the ship away. So, the floating hotel will be moved away according to the decision of our royal government.

Second, I have read in the Thai newspapers BANGKOK POST and THE NATION that I agreed with the idea of creating a joint border commission. Let me tell you in this connection that we discussed trade and cooperation issues. We were told that cooperation between our royal government and the RTG is very good. We agreed to improve cooperation in agriculture and commerce in the future. It was my idea to discuss this issue one day and to have a commission for trade relations or agricultural research. I did not mention the border issue. Concerning the border issue, I would like to inform you that we did not raise it at all. Through the newspapers, the former Thai ambassador who just left our country, that is, H.E. Sunai, said that it would be good if Cambodia and Thailand could set up a joint commission to discuss the border issue. To be frank, we have never thought of discussing or setting up a border commission. I am very specific about it. So, it is possible that the Thai press misunderstood Mr. Prasong, which is not very likely since they communicate in Thai. But maybe the mikes did not work and the press misheard that Prince Sirivut had promised to set up a border commission. You, brothers and sisters, please inform the international press about this. In particular, the Voice of America should make this point very clear. It is a very important issue. Concerning the border problem, His Majesty the king, HRH Prince Krompreah the prime minister, and our royal government are very clear about it. Our country has territorial integrity and our territory is based on the 1960 map when our Kingdom was recognized throughout the world. There should not be any misunderstanding about this issue. I tell you that there was no mention of such a commission during our talks. There have not been any discussions in the royal government concerning this issue. I stress here that the allegations on this topic made by THE NATION and BANGKOK POST were incorrect.

These newspapers made two mistakes: First, I did not say that the removal of the floating hotel can be delayed and, second, I did not agree to set up a joint border commission. These two points were completely nonexistent in our talks. However, I would like to stress that H.E. Prasong Sunsiri's visit is a success and I would like to thank the RTG for supporting our royal government by legally recognizing it and cooperating with it. This is important. So the generals can say whatever they want. I do not listen to their comments, for in my country the military cannot comment on foreign policy. This is all I have to say about that.

Another thing that I want to tell you is that we have achieved another success: Thailand and Cambodia have agreed to settle a number of problems, such as security. When Prince Ranariddh and H.E. Hun Sen paid an official visit to Thailand, we signed a joint communique in which it was mentioned that the authorities of the two countries agreed to cooperate in settling the security problem along the Cambodian-Thai border. For example, if an illegally armed refugee leaves Thai soil and enters our country, we agree to arrest and disarm him and return him to Thai authorities. And we have asked the Thai authorities to do the same. If an illegally armed refugee leaves Cambodia and enters Thailand, Thai authorities will arrest and disarm him and return him to Cambodian authorities. And I also informed H.E. Prasong Sunsiri that this security cooperation applies not only to the overland border but also to the maritime border as well. The other day, several Thai fishing boats with pirates—and I do not mean that all Thais are pirates but at the maritime border there are many illegal fishermen—were boarded by our naval authorities and these Thai pirates, these illegal Thai fishermen—we know their names and the serial number of their boat—killed two of our officers. So I asked our Thai counterpart to help investigate this incident in accordance with the agreement signed as part of our Bangkok joint communique.

I therefore informed Mr. Prasong that we cannot accept such an incident in which illegal Thais entered our country and killed our officers. Both sides discussed this problem and were in agreement. This is another success in the talks between the Thai delegation and the Ministry of Foreign Affairs and International Cooperation of the royal government.

I would like to reiterate that the capture of the arsenal is considered an internal affair of Thailand. As I have already mentioned, we are not going to interfere because it is a Thai affair. However, international opinion and the opinion of the Cambodian people and officials are full of praise for the Thai police because they have done a good job in containing illegal activities. We hope that they will continue making arrests to thwart illegal activities. But the Khmer Rouge problem remains a problem for Cambodia. We hope the Thai Kingdom will not support the Khmer Rouge and will refrain from interfering in Cambodia's internal problem.

Second, concerning the trade issue and the floating hotel problem, I would like to stress that I have not promised to delay executing the eviction order. I only said that I would bring H.E. Prasong Sunsiri's proposal for consideration by our royal government. And since the technical department has answered that the floating hotel can be removed without any problems, the decision will not be delayed. The ship will be taken away within the deadline. H.E. Veng Sereivut, minister of public works and transport, told me over the phone just now that technically speaking the government's decision will not be altered.

Moreover, we did not agree to set up a joint border commission. Nevertheless, I would like to inform you that I deeply thank Thailand for helping us build schools and the road between Poipet and Sisophon. H.E. Prasong Sunsiri expected that when H.E. Chuan Likphai, Thai prime minister, pays a visit to our country he, together with Prince Krompreah Norodom Ranariddh, and H.E. Hun Sen will inaugurate the Cambodian-Thai Friendship road. Moreover, the delegation brought a number of military uniforms for us. You know about that. There was a ceremony handing over the uniforms given to the KRAF by the Thai Royal Army. So the meeting proceeded in a cordial atmosphere and I hope that more problems will be settled on the legal basis as our country is now a legal country having a Constitution and all other institutions.

Concerning finance and banking, H.E. Sam Rangsi and Madame Someara are drafting laws for passage by our National Assembly. As a result, I told H.E. Prasong Sunsiri not to be worried about the Thai banks in Cambodia, for we are having laws drafted now. If these banks respect our laws and play by our rules—to my knowledge, these laws and rules are in accordance with the international banking system like that of the IMF—there should not be any problems at all because our country is a free country and we want foreign countries to invest here. However, we want them to invest legally. We cannot tolerate such cases as the mooring of a ship in front of the royal palace without a contract or such contracts that would give the investor a 90-year lease. I am not sure that there is such a contract of 90 years; but if one exists, we just cannot accept it. Cambodia must look after its own interests, too.

Nevertheless, the royal government under the leadership of Prince Krompreah Norodom Ranariddh and H.E. Hun Sen would like to stress that everything should be done on a legal basis. The financial field, too, must be based on legality. Each ministry has its own governing regulations for expenses and income. We hope that our country will become a fully legal country respecting human rights, abiding by international trade laws, and complying with the framework of the international banking system. So the Thai, Malaysian, or Singaporean brothers are welcome as long as they abide by this legal investment framework.

Hun Sen Leaves for Working Visit to Singapore

BK1512051693 Phnom Penh National Voice of Cambodia Radio Network in Cambodian 0430 GMT 15 Dec 93

[Text] His Excellency [H.E.] Hun Sen, second prime minister of the Royal Government of Cambodia [RGC], and his wife left Phnom Penh on the afternoon of 14 December for a working visit to Singapore.

Seeing H.E. Hun Sen off at Pochentong International Airport were Prince Kromphreah Norodom Ranariddh, first prime minister of the RGC; H.E. Ing Kiet, state minister and minister of Public Works and Transport; H.E. Sok An, minister attached to the Council of Ministers' Office; H.E. Yu Hokkri, minister of Interior; and many other ministers, state secretaries, and administrative officials of the RGC.

J[illegible]e Government Donates 18,000 Tons of [illegible]

BK1412064593 Phnom Penh AKP in French 0401 GMT 14 Dec 93

[Text] Phnom Penh 14 Dec (AKP)—Japan has just donated 18,000 metric tons of rice to Cambodia through the World Food Program. The gift is worth 500 million yens or 4.8 million U.S. dollars.

Present at the ceremony held in Phnom Penh on 9 November to hand over the gift were Mr. Mi Samedi, vice chairman of the Cambodian Red Cross; Mr. Yukio Imagawa, Japan's ambassador to Cambodia; and Mr. Scoot Leipper, chief of operation of World Food Program in Cambodia.

On that occasion, the Japanese ambassador expressed the Japanese Government's sympathy for the needy Cambodian people stressing that Japan will continue to assist Cambodia in the economic, technical, and social action domains.

For his part, Mr. Mi Samedi sincerely thanked Japan for the aid and stressed that because of the war Cambodia suffers almost every year a shortage of rice.

During the past two years, Japan is the first country that has donated to Cambodia 28,000 tons of rice worth a total of more than 24 million U.S. dollars.

Khmer Rouge Urge 'All Cambodians' To Disarm

BK1512114493 Hong Kong AFP in English 1120 GMT 15 Dec 93

[Text] Phnom Penh, Dec 15 (AFP)—The communist Khmer Rouge guerrilla group Wednesday called on all Cambodians to lay down their arms, saying it was unfair to demand the radical faction alone disarm.

"When we say cease-fire, we mean all have to stop fighting," the Khmer Rouge said in a statement.

"Why do they (the other factions) want the DK (Democratic Kampuchea, or Khmer Rouge) to stop fighting? They mean to tell the nation lies about the cease-fire."

The Marxist group also said it had done nothing wrong, and blamed the nation's troubles on the Cambodian Peoples' Party (CPP) of Second Prime Minister Hun Sen.

"The CPP created the problems," the Khmer Rouge said. "They are the evil ones."

Hun Sen was prime minister of the government the Vietnamese installed in 1979 after invading Cambodia and ousting the Khmer Rouge, whose attempt at installing a radical agrarian economy cost more than one million lives.

The CPP ran second in elections last May to the royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party of Prince Norodom Ranariddh, who now is first prime minister.

The Khmer Rouge and FUNCINPEC battled Hun Sen's regime during 13 years of civil war. A third guerrilla faction led by Son Sann also fought Phnom Penh and has since joined the coalition government, leaving the Khmer Rouge alone and struggling to control small border areas of the country.

The government has demanded the Khmer Rouge open its zones and stop all military activity as a precondition to being offered a role in the coalition.

Khmer Rouge 30 Nov, 1 Dec Attacks Reported

BK1112125593 Phnom Penh AKP in French 1020 GMT 11 Dec 93

[Text] Phnom Penh 11 Dec (AKP)—According to Khmer Royal Armed Forces [KRAF] sources, the Khmer Rouge guerrillas have recently fired rockets, blown up bridges, and committed banditry in three provinces.

In Banteay Meanchey Province on 30 November, the Khmer Rouge fired 50 DK-82 mortars on an area, northeast of Thmar Puok District. On the same day at 1415, a group of 50 Khmer Rouge elements attacked a position of the government forces on coordinates 25/47 in the district of Samraong in Siem Reap Province, killing a KRAF combatant. They also blew up a bridge and set a sawmill, a rice field, and three houses on fire. Before retreating, the Khmer Rouge soldiers took away with them four motorbikes, three television sets, and other valuables.

On 1 December, a group of the guerrillas—who were active in an area, 8 km north of Banteay Chhmar District of Banteay Meanchey Province—fired DK-82 mortars on the KRAF's position on coordinates 64/93. While a group of guerrillas blew up a bridge in Dam Dek village, another group attacked the government troops' position in an area, east of Chikreng District of Siem Reap Province. The KRAF troops then counterattacked and killed four attackers and seized four assorted firearms and some war materiel.

On the same day, a group of 100 Khmer Rouge guerrillas mounted an offensive attack on a KRAF unit along Route National 68 on coordinates 24/42 and 37/41.5 in an area north of Srei Snam District.

In the central province of Kompong Thom on the same day at 0630, a group of Khmer Rouge elements, backed by artillery barrages, attacked a government position, while another group fired H-107 rockets on and raided the township of Stoung District. It also attacked an area 7 km west of the township.

Indonesia

Ownership of Disputed Island Reiterated

BK1312154193 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 13 Dec 93

[Text] General Edi Sudrajat, minister of defense and security, says Sipadan Island fully belongs to the Republic of Indonesia as long as an agreement on the disputed island has not been reached with Malaysia. The minister made the remarks at a hearing of Parliament's Commission I chaired by Mrs. Aisyah Amini in Jakarta this afternoon. The minister also stressed that the Defense and Security Department fully supports the Foreign Affairs Department's protest over Malaysia's violation of the island's status quo. Malaysia has unilaterally refused to acknowledge an accord reached by the two countries' heads of government in the past. Gen. Edi Sudrajat added that as long as an agreement to the disputed island has not been reached, Indonesia continues to consider latitude 4 degrees and 10 minutes north the limit for its military patrols.

Suharto, Delegation Leave for India 15 Dec

BK1512080793 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 15 Dec 93

[Excerpts] President Suharto is scheduled to pay a courtesy call on Indian President Ramaswamy Venkataraman and attend the opening of the Education For All summit tomorrow morning as part of his visit to New Delhi. The presidential delegation left aboard a DC-10 Garuda aircraft this morning for New Delhi and is expected to arrive there at 1330 local time. [passage omitted]

President Suharto is scheduled to hold talks with Indian Prime Minister Harasimha Rao tomorrow afternoon. They are likely to discuss the G-15 [Group of 15] summit which was scheduled for India but later postponed to March or April 1994.

Student Demonstrators Expelled From Parliament

BK1412125093 Hong Kong AFP in English 1148 GMT 14 Dec 93

[Text] Jakarta, Dec 14 (AFP)—Baton-wielding security force members drove student demonstrators out of the parliament Tuesday and made about 25 arrests, a human rights lawyer said.

Some 100 police and soldiers beat about 200 students out of the huge lobby of the parliament building, injuring at least three of them, lawyer Pasca of the Indonesian Legal Aid Institute (LBH) said.

Pasca said he had also gathered a list of 25 names, including the three injured, taken into custody by police after the incident.

Deputy chief of the Central Jakarta police Major Hernawan said several of the student protestors were being interviewed but declined to say how many were being held.

Pasca said the students—from Java, Bali, Sumatra and Sulawesi—claimed to belong to the Students' Action Front and had gathered at the parliament, to demand a halt to the use of force to deal with several "social problems."

While waiting for about four hours to see house speaker Wahono the students set up a speech corner in the parliament's lobby, where many of the students took turn to criticize the security approach.

They cited, among other incidents, the September dam protest in Madura in which security forces shot dead four people.

Tuesday's demonstration was the last in a series of student protests on various socio-political issues over the past few weeks.

'Possibility' of Megawati Chairing PDI Viewed

BK1312124593 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 13 Dec 93

[Text] The government sees the possibility that Megawati Sukarnoputri will become general chairwoman of the Indonesian Democratic Party [PDI] Central Executive Council for the 1993-98 term. Home Affairs Minister Yogi S.M. briefed reporters on the matter after a one-on-one meeting with Megawati Sukarnoputri in Jakarta this evening:

[Begin Yogi recording] The government monitored the recent PDI extraordinary congress and paid attention to aspirations aired during the congress, as well as during a meeting between the home affairs minister—as patron of domestic politics—and the chairmen of the PDI regional executive councils. In view of this, the government sees the possibility of Megawati's becoming general chairwoman for the 1993-98 term. [applause]

I repeat that the government sees the possibility of Megawati's becoming general chairwoman of the PDI Central Executive Council for the 1993-98 term, in view of the aspirations aired during the extraordinary congress, as well as the meeting between the home affairs minister—as patron of domestic politics—and the chairmen of the PDI regional executive councils. [end recording]

The home affairs minister is scheduled to hold talks with potential PDI leaders tomorrow to finalize the PDI extraordinary congress, which ended inconclusively.

PDI To Pose 'Challenge' to Ruling Party

BK1412145993 Jakarta ANTARA in English 1416 GMT 14 Dec 93

[Text] Jakarta, Dec 14 (OANA-ANTARA)—The Indonesian Democratic Party (PDI) will pose a challenge to the ruling party Golkar [Functional Group] which has proven itself as the undisputed political majority in the New Order government era once Megawati Sukarnoputri leads the populace party, an observer said.

Former Interior Minister Rudini, now director of the Institute for Indonesian Strategic Study (LPSI) said here Tuesday that Golkar should not take Megawati as a threat to its commitment to maintaining its position as the strongest political power in Indonesia.

Instead, it must take her as a challenge to prove that Golkar is still the popular ruling party and the only majority party in the country with a population of some 180 million, Rudini said.

Such a positive stance, he said, is expected to help the PDI also, a party of nationalists and Christians, unite its conflicting constituencies, he said.

He also called on Megawati, if duly and undisputedly elected in the upcoming congress on December 16, to include representatives of all the party's constituencies in the party's executive board.

Meanwhile, at a meeting between Megawati and Interior Minister Yogie S. Memed on Monday, the minister said that Megawati is likely to be elected as the chairman of the party with the full head as its symbol in the imminent congress.

The possible election of Megawati is highly expected because of the apparent and unstoppable flow of support coming from PDI's sympathizers to Megawati after the failed special congress in Surabaya on December 2 to 6.

In a meeting with minister Memed, representatives from all 27 chapters of PDI in the country reaffirmed their support to the daughter of the late President Sukarno for the chairmanship of the party.

Rudini said the government seemed to be committed to promoting openess and democracy in the country as reflected by Memed's statement on the possible election of Megawati.

"After 20 years of successful physical development, the door has been opened to democracy and the government has started to begin the development of people's political awareness," he said.

According to Rudini, known for his frankness during his term of office as the interior minister, the government could not avoid giving recognition to Megawati, a person who thrived in political conflicts, as the upcoming chairman of the party.

"Therefore, Megawati should not be considered as an amateur politician with less experience," he said.

If the government does not accept the reality of Megawati's popularity among PDI supporters, people would not respect the government's campaign for democracy, he said.

25 Members of Human Rights Commission Named

BK1412061193 Jakarta THE INDONESIA TIMES in English 8 Dec 93 p 1

[Text] The government Tuesday announced 25 members of the National Commission on Human Rights who would oversee and examine the implementation of human rights.

They are expected to feed the government with views, considerations, and suggestions on the implementation of human rights.

State Secretary/Minister Murdiono told the press Tuesday that the commission is also expected to set up regional and international cooperation in promoting and protecting human rights.

The 25 members are Mrs. Aisyah Amini, Albert Hasibuan, Ali Said, Asmara Nababan, Prof. Baharuddin Lopa, Bambang W. Sunarto, A.A. Baramuli, Clementino Dos Reis Amaral, Ig. Joko Sugianto, Gani Jemat, Prof. A. Hamid S. Attamini, K.H. Hasan Basri, Prof. Himawan, B.N. Marbun, Marzuki Darusman, Prof. Miriam Budiarjo, Prof. Muladi, Munawir Syadzali, Nurkholis Majid, Rukmini Kusumo Astuti, Prof. Sucipto Raharjo, Sugiri, Prof. Sutandyo Wignyosubroto, Prof. Sri Sumantri Martosuwignyo. [24 names as published]

The commission is an independent commission which will work for the five years from 1993-1998. The commission is led by one chairman, two vice chairmen, and secretary geneal who will land secretariat general. [sentence as published] The government allocates budget to finance the commission's activities.

Murdiono said that for the first time the commission's members are appointed by the president, but in the next term, it will be done in line with the commission's constitution and procedures.

The president's decree on the National Commission on Human Rights issued in June 1993 stated that the commission would spread out national and international concepts on human rights both to Indonesian and international communities. They are also expected to study various instruments of the United Nations on human rights for the purpose to give possibility of accession or ratification.

The commission is also expected to help create conducive condition for the implementation of human rights in line with Pancasila ideology, national constitution, the UN Charter, and the Universal Declaration on Human Rights.

Functions of Human Rights Commission Viewed

BK1512025593 Jakarta THE JAKARTA POST in English 9 Dec 93 p 4

[Editorial: "Putting Rights in Motion"]

[Text] The government seems to be working hard to convince the people that the National Commission of Human Rights, the final formulation of which was announced here on Tuesday, just three days before the world celebrates Human Rights Day, will be an independent body although it is based on a decree issued by President Suharto.

The authorities have voiced the expectation that the commission, the operation of which is financed by the government, will be able to create a climate conducive to human rights based on the state ideology, Pancasila, the Constitution, the United Nations Charter and the Universal Declaration of Human Rights.

The authorities also apparently understand that the commission will be expected to shoulder such essential tasks that people with expertise and influence in various sectors, including outspoken politicians whose integrity is beyond doubt, have been selected as commission members.

However, leading human rights activists, such as Todung Mulya Lubis and Adnan Buyung Nasution, have reportedly refused to join the body because they doubt that the rights commission will be able to work independently. Their pessimism perhaps has roots in the fact that even organizations set up by the public here do not enjoy adequate freedom.

And as the government moves to prove the Human Rights Commission's independence, one thing is obvious: The authorities are of the opinion that the expression and implementation of human rights—which are universal in character—remain, within a national context, the responsibility of the government.

It is also understood that the government believes strongly that any foreign organizations or countries, which accuse Indonesia of violating human rights, have no right to indulge in acrimony, nor to sit in self-righteous judgment.

We are of the opinion that developing countries have the right to introduce their own concept of human rights based on their experiences and ideas without becoming embroiled in prolonged debates about the true meaning of the universal values of basic rights with other countries. This being because there is one acceptable basic principle that nobody can counter: The right of individuals or groups to protection from actions by the state.

The fact that many governments in developing countries demand that their citizens fulfill various obligations before they can enjoy the most basic of rights does not mean that they are free to violate the people's rights. Clearly no citizenry anywhere would tolerate consistent curtailing of freedoms for whatever reasons for an indefinite period of time.

And although human rights have been intensively discussed here lately and the government has promised openness and tolerance, no effective and clear-cut steps have been taken by the authorities to see that this is done. Cabinet ministers seem to prefer to remain passive, while watching carefully to see how the head of state specifies the policy on openness in given cases.

This lack of action results in the authorities' taking the apparently self-defense policy of maintaining the status quo. Thus, the reality remains that no organization is totally independent. The authorities only allow one organization to represent each profession and continue to limit press freedom. The thinking seems to be that because we have a Constitution based on humanitarian concepts we can always defend ourselves against outside criticism of our human rights record without improving the conditions here.

Unfortunately, thus far, the People's Consultative Assembly (MPR), the country's highest lawmaking body, which was expected to set out in detail a clear concept of human rights last year, has only commented briefly on this issue.

Clearly, now that the Human Rights Commission has finally been fully manned, it must prove its independence and ability to act decisively within the near future.

Relations Between Press, Authorities Viewed

BK1112125193 Jakarta THE JAKARTA POST in English 3 Dec 93 p 4

[Editorial: "Our Past Imperfect"]

[Text] The unique press-government relationship in Indonesia is still viewed as something deplorable—if not entirely alien—by people in Western societies, who fail to understand that developing countries have their own experiences in handling the fourth estate, based on special conditions.

Here, the development of the press has been closely linked with the respect of all basic freedoms. On many occasions the press has become the victim of trigger-happy authorities although it has never demonstrated any elements of irresponsibility.

President Sukarno's administration, which introduced the so-called "guided democracy", also introduced "don't-criticize-the regime journalism", which gagged the press by banning some newspapers and ordering the remaining ones to toe the government line. President Suharto, who came to power after Sukarno's downfall in 1966, soon manifested an adamant desire to resuscitate press freedom by allowing the defunct newspapers to reopen. During the early years of his administration, the Indonesian press was said to be the freest in Asia after that of Japan. In the words of then Information Minister Budiarjo, the freedom of the press was the crown of the New Order government.

However, that dawn did not last long. Starting in 1974, after the press reported the January student upheaval at length, the establishment and the press soon found themselves strange bedfellows.

Since then many newspapers have been banned. And the Indonesian Journalists Association (PWI), the only professional press association allowed to operate here, has been given the weighty task of bridging the two sides, with journalists having to show more understanding and greater tolerance towards government policies than the authorities do toward the tasks of the press.

Since 1974, the authorities seem to have had difficulties finding a workable and comfortable spot for the press and in deciding on a valid role for journalists in the efforts to modernize the country. But despite this bizarre relationship, the government continues to pay special attention to the PWI, the members of which do not exceed 5,000 journalists working at 77 newspapers. The organization's congress have always been opened by President Suharto and, up to 10 years ago, senior journalists were even invited to special dinners hosted by the head of state during the Moslem holy month Ramadan.

Although the President has never awarded the privilege of exclusive interviews to local editors, his policies have allowed the domestic publishing industry plenty of room to expand significantly in line with the economic development occurring over the last two decades. Local publishers have thus been able to advance along with businesses in other sectors into an industrial era without setting aside their fundamental idealistic concepts. But now, with the world around us changing so rapidly, domestic journalists are clearly badly in need of an institution which pays special attention to how the local press can continue to survive in the years to come

Despite the fact that the fruits of development in the education sector have also improved the overall quality of the human resources in the press corps, there is still a dearth of high quality journalism schools and training centers. The PWI, which is now holding a congress in Lampung, should come to grips with this problem by seriously considering the best way to deal with the fact that no Indonesian school of journalism has produced editors with adequate professional skills.

It is also high time that PWI introduces an effective policy that will put an end to corrupt practices among journalists. Far too many reporters are in the habit of accepting money at press conferences from public relations people who expect favorable news stories about the organizations they represent to appear in newspapers the next day. The PWI should, in fact, have realized long ago that this nasty reality has tarnished the image of the local press, which claims to have the mission of fighting corruption both inside and outside the government.

As Indonesia's sole organization of journalism professionals, the PWI must wake up to the fact that looking the other way when its members err will only give the impression that the Indonesian press corps is a backward community indeed.

By combating such blatantly corrupt practices, PWI will find itself on the road toward professionalism and the esteem a responsible and ethical stand can achieve in the eyes of the public.

Central Bank Reports on Inflation Rate

BK1512045293 Jakarta THE JAKARTA POST in English 7 Dec 93 p 1

[Text] Jakarta (JP)—Indonesia's inflation rate last month stood at 0.41 percent, bringing total inflation for the first eleven months of the year to 9.24 percent. But Bank Indonesia Governor Sudrajad Jiwandono said "We are still optimistic about checking inflation at a single digit level because all inflationary pressures are now under the tight control of the Central Bank." Sudrajad told reporters at a news conference at the bank's headquarters here yesterday.

He was confident of being able to contain this month's inflation to last month's level at the highest, despite the Christmas and New Year holidays.

For a comparison, the Indonesian inflation rate in December 1992 was 0.66 percent.

Sudrajad rejected the criticisms of several analysts who have alleged that the inflation rate has been engineered to an artificially low level, in order to meet the single digit government target.

"I don't like to involve myself in polemics with those critics. But I think the consumer price index used by the Central Bureau of Statistics to measure inflation is reliable and accurate," he said.

He said the index was based on the prices of 150 kinds of goods and services in major cities throughout the country.

Replying to reporters' questions at the news conference, one of Bank Indonesia's managing directors, Budiono, estimated Indonesian economic growth this year will be between 6.6 percent and 6.8 percent, but he declined to venture a projection for next year.

Sudrajad said the M1 supply [country's money supply], which is determined by adding the supply of currency and demand deposits, grew by 27.7 percent during the first 11 months of this year, while the M2 supply, comprised which adds quasi money to the first two, increased by around 19.3 percent in the first 10 months of the year. The November data for the M2 supply [M1 plus commercial time deposits] was not available yet.

The M1 and M2 growth rates were 8.2 percent and 19.6 percent, respectively, in the first 11 months of last year.

Sudrajad said banking credits grew by around 14.2 percent during the first six months of the current fiscal year, beginning in April.

"We project that in the second half of the current fiscal year, credit expansion will likely reach 28.4 percent, with the assumption that the economic situation in the second half will continue improving," he said.

The 28 percent growth in banking credits will be much better than the 17 percent originally estimated by the government, he said.

The governor said the better than expected growth in banking credits was partly caused by the increase in the property business in the last few months and the good performance of the country's stock market.

Sudrajad also reported that the country's foreign exchange reserves as of November reached $12.270 billion, an amount sufficient to finance 4.99 months of the country's imports, as compared to $12.207 billion as of October.

Banking Sector Undergoes Restructuring

BK1212153093 Hong Kong AFP in English 0802 GMT 12 Dec 93

[Text] Jakarta, Dec 12 (AFP)—The Indonesian government has launched a tough campaign to clean up and restructure its banking sector while admitting that the process will take years to reach international standards.

The restructuring was prompted by an obligation of the Ministry of Finance to verify by December 31, 1993 that Indonesia's 224 banks were able to meet a minimum capital adequacy ratio currently set at eight percent.

While the country's seven state banks have maintained the capital adequacy ratio at an average 8.9 percent, their results have been nothing less than catastrophic.

On December 9, the central Bank of Indonesia governor Sudrajad Jiwandono reported that bad loans represented 3.3 percent of a total 169.5 trillion rupiah (80.7 billion dollars) credit lent out by the nation's banks.

Most of the bad loan burden was held by state banks, he added.

According to one financial expert, who also served as a consultant for the government and requested anonymity, the three categories of bad loans—losses, doubtful loans and substandard loans—ranged from 10 to 30 percent of loans extended by the state's five retail banks in March this year.

Bailing out the banks—Eximbank (BEII), BNI 46, Dagang Negara (BDN), Bumi daya (BBD) and Rakyat (BRI)—will cost the state four to five billion dollars over the next three years, the analyst said.

Three banks, BDN, BBD and BRI, had such poor results that revenue generated from loans recorded zero growth, said one foreign banker.

BRI told a parliamentary commission on November 22 that its losses, less doubtful loans, were 554 million dollars—or 6.3 percent of its total portfolio.

Faced with an emergency, the World Bank paid out 300 million dollars towards the recapitalisation of the state banks and began to cooperate with the Bank of Indonesia to establish a standard of banking norms for the financial sector.

The central bank gave state banks five years from last year to adopt stricter upper limits for loans. Following the directive, the executive boards of the seven state banks were changed last year with restructuring aimed at placing trustworthy people in positions where loans were decided.

Finance Minister Mar'ie Muhamad said Friday that some of the doubtful loans registered with state banks were held by corrupt officials.

According to a foreign banker, one such case involved a loan registered in the books at 55 million dollars, but was broken down to 40 million dollars as the principal, 10 million going to the lender and five million to a dishonest bank official.

"These banks have extenuating circumstances," the banker said. "They were working under the direction of the finance ministry for the public service where returns were not taken into account."

"Often, they were constrained to practise favoritism towards high-ranking people in the army or government," he added.

Private banks, lead by the Banque Central Asia (BCA) owned by the Salim group, and including other banks such as Panin, Lippo, BII, Bali and Danamon, are generally in better health.

However, the private Banque Ummum Nasional (BUMAS) has an estimated 100 to 200 million dollars extended in doubtful loans.

"There needs to be an injection of at least a billion dollars" for Indonesia's 20 leading national banks, the banker said.

Additionally, 31 private banks at the end of June had still not reached the minimum required capital adequacy ratio, according to Sudrajad, and would need to merge with other institutions, find new partners or liquidate.

Philippines

East ASEAN Growth Triangle Formalized

BK1312020493 Manila THE MANILA CHRONICLE in English 7 Dec 93 p 6

[By Manny Mogato]

[Text] Business leaders from the Philippines, Brunei, Indonesia and Malaysia have agreed to formalize their linkages toward the establishment of the proposed East Asean growth area.

In a related development, Northern Australia has also signified its intention to join the growth area. One of its trade and industry officials informed Manila about their plan to expand trade with Mindanao.

President Ramos had sent Presidential Assistant to Mindanao Paul Dominguez to attend the initial meeting of the East Asean Business Council in Kuching, Sarawak in East Malaysia last week.

In his report to the president, Dominguez said the East Asean Business Council (EABC) would serve as the principal organization to mobilize business and private sector support for and participation in the growth area.

The EABC will meet again in Manado, Indonesia next month to formalize the creation of an organizational structure that will facilitate business meetings, exchanges and other formal transactions.

The EABC will be formally created and launched in May next year when Mindanao hosts the East Asean Business Convention in Davao City.

To demonstrate the country's support to the initiative of the private sector, Mr. Ramos said the Philippine Airlines (PAL) would inaugurate today its flight from Zamboanga City to Labuan in Sabah, East Malaysia.

Political and business leaders from Regions 9, 12, and the Autonomous Region in Muslim Mindanao (ARMM) are expected to join the maiden flight to Labuan.

In Manila, Shane Stone, Australia's Northern Territory minister for trade and industries and development, informed Mr. Ramos of her government's plan to expand trade and business relations with Mindanao.

In fact, the Australians are planning to make Davao City and Darwin in Australia sister cities which are just three hours apart by jet.

Stone said Darwin would like to take part in the proposed east ASEAN growth area, including a plan to open direct Qantas airline flights between Davao and Darwin. Darwin also hosts a large military base which the Americans have wide access to.

Stone said Mindanao offers an ideal gateway to the Philippines from Australia, particularly for their cattle export industry. In return, Mindanao can export fruits and fish, like tuna and blue marlin to Darwin.

Ramos Approves Suspension of Anti-CPP Action

BK1512074793 Quezon City Radio Filipinas in English 0230 GMT 15 Dec 93

[Text] President Ramos approved yesterday a 17-day suspension of military operation against the communist rebels from 21 December to 6 January of 1994 next year in observance of the Christmas season. The government already has an indefinite cease-fire with the secessionist and the right-wing rebels. The president approved the three-week cease-fire upon the recommendations of the cabinet's cluster "E" on national security. The cluster "E" chaired by Foreign Affairs Secretary Roberto Romulo has actually recommended a 15-day cease-fire from 23 December to 6 January of next year. But the president in the spirit of the holiday seasons said he preferred a longer cease-fire with the Communist Party of the Philippines [CPP] and its military wing the New People's Army, quote unquote, to emphasize the government's desire to have a long and lasting peace in the country. Previous cease-fires with the rebel groups lasted for only a day or two during Christmas and New Year day.

The government has offered peace to the various rebel groups so that it can concentrate in implementing development programs which in the past had been derailed by the 24-year-old civil strife. We have entered into separate cease-fire agreements with the Muslim secessionist movement—the Moro National Liberation Front, MNLF—and the Rebolusyonaryong Alyansang Makabansa [Nationalist Revolutionary Alliance] or RAM, which had entered into formal peace negotiations with the government. The communist rebels under the National Democratic Front, however, has yet to respond positively to government's offer of peace talks. Exiled CPP Chairman Jose Maria Sison has also rejected a government offer to issue him a six-month passport so that he can participate in proposed peace talks in the Philippines.

In a related development, the Dutch Government has offered to give the exiled Communist Party of the Philippines, CPP, Chairman Jose Maria Sison a 45-day return visa if he decides to go back to the Philippines. Foreign Affairs Secretary Roberto Romulo, however, said Sison has not yet responded to the government's offer to issue him a passport so he can participate in the peace talks with the government. Romulo said the Dutch Government offered a visa to Sison to ensure that he can go back to Netherlands even if peace talks with the Philippine government fail. That leaves us in a quandary as to why he refused the passport, quote unquote, Romulo said. We have been rather forthcoming and the Dutch have given him assurances of safety in the Philippines based on his perceived fears, quote unquote. Sison has accused the government of attempting to derail his application for a political asylum in the Netherlands by offering him a six-month passport. The Dutch Government has actually rejected Sison's application for an asylum because of his alleged link to the terrorist groups.

And in a related development, President Ramos expressed the hope yesterday that the communist National Democratic Front will open formal peace talks with the government next year. The president said the cabinet cluster "E" or national security will submit today its recommendation on how long the cease-fire between government and communist forces this Christmas will last. Speaking at a weekly press conference, the chief executive appealed to the NDF leaders to, quote unquote, show sincerity and unanimity with the mainstream of Philippine society by agreeing to negotiations that will end more than two decades of civil strife in the country. The government had started formal peace talks with the secessionist Moro National Liberation Front, MNLF, and the right-wing Rebolusyonaryong Alyansang Makabayan or RAM. We are wooing all of them to show their sincerity and unanimity in the mainstream of Philippines society so that enduring peace can finally come in our land, quote unquote, President Ramos said.

Communist Chief Rejects Passport Offer

BK1512090793 Manila PHILIPPINE DAILY INQUIRER in English 12 Dec 93 pp 1, 10

[By Stella O. Gonzales]

[Text] Exiled communist leader Jose Ma. Sison is suspicious of President Ramos' reported offer of a six-month Philippine passport. In a statement faxed yesterday to the INQUIRER from his base in the Netherlands, Sison said he is refusing the offer "because it is a trick to sabotage my application for political asylum."

Malacanang [presidential office] authorized the foreign office last Friday to issue a passport to Sison to enable him to travel to Vietnam for the resumption of exploratory talks between the Philippine Government and the National Democratic Front [NDF]. The passport was also intended to enable Sison to get a reentry visa from the Dutch Government. But Sison said the offer "does not change the bad human rights situation in the Philippines" nor does it "remove the prize of P1 [Philippine pesos] million for my head."

"If I apply for a Philippine passport," he said, then the Dutch Government will be able to say that I have given up my application for political asylum in the Netherlands, and that I have already sought the protection of the Philippine Government contrary to my application."

Citing "the deteriorated legal standard as well as the extrajudicial or illegal actions of the military, police, and vigilante groups" in the Philippines, Sison said his "well grounded fear of persecution by political forces" remains.

Sison expressed, however, his willingness to have his Dutch lawyer, Tom Boakman, arrange with Dutch officials the appropriate papers ensuring that any travel document issued to him will not prejudice his application for political asylum.

Sison said he can go to Vietnam for the exploratory talks if the Dutch Government issues him a laissez passer (pass or permit) and return visa. He said Luis Jalandoni, head of the NDF panel, has proposed that the Philippine Government waive its objections to the issuance of such documents.

Jalandoni also wants the Philippine Government to issue an official declaration that it respects the Geneva Convention on the status of political refugees and does not interfere with the asylum cases of Filipinos abroad, Sison said.

Intra-Communist Rift To Hamper Peace Talks

BK1412134593 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 14 Dec 93

[Text] The peace talks between the government and the communist rebels face a big problem due to the emergence of another group of communist rebels that is separate from the Communist Party of the Philippines led by Jose Ma. Sison. Because of this, there is a big possibility that the government will have two separate talks with the rebels.

[Begin recording] [Correspondent Marielle Gaceta] The latest declaration made by the pro-Sison reaffirm faction of the Communist Party of the Philippines-New People's Army [CPP-NPA], which said they would go after Romulo Kintanar, Ricardo Reyes, Felimon Lagman, and Arturo Tabara, expressed clearly the change of direction of the communist movement in the country. According to Reyes, a former CPP-NPA secretary general and one of the traitors accused by the pro-Sison group, there is no other alternative but to form a new party or alliance of sectors that does not conform to the rules and regulations of the Sisonites [pro-Sison group].

[Reyes] There are, of course, different (?sets) there. But we are willing and we are ready to thresh this out as we go on. We are not going to pretend that there is some kind of monolithic unity that will [word indistinct] to the Sisonites. The option to take up arms remains valid.

[Gaceta] Reyes disclosed that their group is more open and sincere regarding the peace talks than the Sison group.

[Reyes] We are committed to the peace process, in fact, we are more open to the possibility of a political settlement on the basis of reality, really addressing the fundamental problems of our country. That is why the venue issue for the peace talks is not a big deal for the autonomous groups; in fact, what they said was the venue can be anywhere.

[Gaceta] Meanwhile, Gregorio Rosal alias Comrade Roger, spokesman of the CPP-NPA, sneered at the formation of a new party and the holding separate peace talks with the rejectionist group. He said that the treacherous acts of Reyes, Kintanar, Tabara, and Lagman will only end in their surrender and isolation from the masses.

[Rosal] All of their actions are not within the organization. They are outside the party's organization process and the New People's Army [NPA]. That is why we now call them impostors because when they declared autonomy, which in fact is a separation, their right to use the name of KRMR [expansion unknown] was removed—especially in the army. To use the name Alex Boncayao Brigade [NPA hit squad] is considered a blasphemy on the life of the martyr Comrade Alex Boncayao.

[Gaceta] It seems that the situation in the revolutionary movement is worsening now because of the speculation that the rift, which started from political and ideological issues, may end in a bloody confrontation. The two sides refused to comment as to the possible outcome of their differences. At this point, however, it is clear that there is no hope that the two sides will come to an agreement on their views. [end recording]

Fighting Erupts Between Troops, NPA in Mindanao

BK1312014093 Manila MANILA BULLETIN in English 6 Dec 93 pp 1, 8

[By Mike Crismundo]

[Text] Butuan City—A big gun battle between government forces and communist guerrillas erupted anew in Southern Philippines last week, killing at least 10 persons and seriously wounding many others, a Philippine Army report said here yesterday. The two-hour clash occurred at Barangay [village] Mahaba, Marihatag town, the bailiwick of renegade priest Father Francisco Navarro, alias Ka Migo, in Surigao del Sur.

Military reports claimed that it was the biggest firefight since the lull in communist rebels' operations in the area the past several months. The clash took place when the village folk reported to the army that rebels attacked a military headquarters at Barangay Mahaba to stop the construction of a school building and other development and livelihood projects being undertaken by the government.

Col. Santos Gabizon, commanding officer of the Army's 401st Infantry Brigade based in Diatagon, Lianga, Surigao del Sur, reported to the Northern Mindanao 4th Infantry (Diamond) Division that two soldiers belonging to the 29th Infantry Battalion [IB] were killed during the initial firefight. They were identified as Sgt. Lucresio Paloso and Cpl. Romulo Ruben.

Wounded were Sgt. Eduardo Senarilla and Cpl. Alberto Banaag, the army said.

Sketchy reports said that at least eight New People's Army (NPA) rebels were killed and over a dozen were reportedly seriously wounded. Two helicopter gunships of the 205th helicopter wing and MG520 rocket bomber were dispatched to the battle scene to augment the 29th IB forces under Major Rodillo Venia.

"Despite the blood oozing from the wounds of Sgt. Senarilla and Cpl. Banaag, they courageously held their position until the arrival of a reinforcement team that forced rebels to withdraw and drag with them unaccounted number of dead and wounded comrades," Capt. Adelino Soldeo, spokesman of the 401st Infantry Brigade said.

The heavily-armed communist rebels who reportedly withdrew towards the boundaries of Agusan del Sur and Surigao del Sur, were believed to belong to the CPP [Communist Party of the Philippines]-NPA regional force operating in North Eastern Mindanao areas. Pursuit operations were going on.

Muslim Rebels Kill Nine in Mindanao Ambush

BK1512073493 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 15 Dec 93

[Text] An ambush took place this morning in Sultan Kudarat 13 minutes before President Fidel Ramos arrived in the area. According to the report, the ambush occurred in Bonoan, Tongonan in Maguindanao, resulting in the death of nine persons and the wounding of several others. It was also reported that the ambush was the work of Muslim rebels bidding to disrupt the peace process initiated by the government.

NPA Hit Squad Kill Police Officer, Civilian

BK1312073393 Manila MANILA BULLETIN in English 6 Dec 93 p 12

[By Elena L. Aben]

[Text] Two persons, including an officer of the Philippine National Police (PNP), were killed, while another was wounded when four alleged members of the Alex Boncayao Brigade (ABB) of the New People's Army (NPA) attacked them in Paranaque, Metro Manila yesterday morning.

Police identified the fatalities as Senior Police Officer Rogelio Rebatis, assigned with the Southern Police District Command and Reynaldo B. Requillas, 46, mason, both of Lower Sta. [Santa or Holy] Ana, Sun Valley, Paranaque. Wounded was Elpidio Sumbi, 52, a tricycle driver.

Police said Rebatis suffered four bullet wounds in the head and died before reaching the Paranaque Medical Center while Requillas suffered a bullet wound in the chest, and was declared dead on arrival at the Paranaque Community Medical Center.

Sumbi was hit by stray bullets in the left arm and is now confined at the same hospital.

Initial investigation conducted by the police showed that the incident took place at 11:30 A.M.

Police said that Rebatis and Requillas were having a drinking session near the lawman's house in Lower Sta. Ana, Sun Valley, Paranaque when the attackers arrived and suddenly sprayed the victims with bullets.

After killing the victims, the suspects took the .38 caliber revolver service firearm of Rebatis and fled.

Police said the suspects left a propaganda letter near Rebatis' body. The letter alleged that the policeman-victim was allegedly involved in various illegal activities, most particularly drug trafficking.

Witnesses also said that the attackers shouted "Mabuhay ang ABB- NPA" [Long live the ABB-NPA] before finally leaving the area. The armed attackers, composed of three men and a woman, fled on foot.

Army Commissions Five New Simba Commando Tanks

BK1412102393 Manila MANILA BULLETIN in English 8 Dec 93 p 12

[By Aris R. Ilagan]

[Text] Five new Simba commando tanks which were made by GKN Ltd. of the United Kingdom were commissioned yesterday in the Philippine Army (PA) in line with the modernization of the Armed Forces of the Philippines (AFP).

Lt. Gen. Arturo T. Enrile, acting AFP chief of staff and concurrent Army chief, said that three more Simba tanks, which he described as "a high performance and versatile armored fighting vehicle," are scheduled to arrive in the country before the end of the year. Enrile said that 142 Simba tanks will be assembled in the country by the Asian Armored Vehicle Technologies Inc. under a joint venture program with GKN and two local companies.

"All the 150 Simba tanks will be delivered in combat-ready status," Enrile said. The Simba tanks will augment the military's U.S.-made V-150 commando tanks, he said. The Simba has a V-shaped bottom hull which can deflect up to 90 percent of mine blasts. Its thick armor plates and view blocks can defeat a 5.56 mm (Armalite) and 7.62 ball round (M-14) bullet at point-blank range.

Considered an all-terrain fighting vehicle, the Simba can travel at a speed of 100 kilometers per hour and can carry 10 members of a mechanized infantry squad, including the driver.

GKN has agreed on a counter-trade arrangement with the AFP "to offset the dollar outflow as a result of the procurement."

The AFP has designated the Metallgesellchaft Services (MGS) of Germany and the Philippine International Trading Center (PITC) as its counter purchase representatives.

Under the agreement, the PITC will supply goods and services to MGS amounting to $62 million or 103 percent of the contract price.

Thailand

Government To Allow Rice Imports After GATT

BK1512014993 Bangkok BANGKOK POST in English 15 Dec 93 pp 21, 32

[Text] WHILE attention on rice trade has been focused on the dramatic events in Korea and Japan over the past few days, Thailand too has an import ban that will have to be lifted.

At present rice can only be imported into Thailand if special permission is obtained, a measure that has amounted to a ban. The new Uruguay Round agreement requires Thailand to allow imports, and the Government has agreed to replace the ban with a combination of a quota and different tariff rates depending on whether the imports are within the quota or exceed the limit—a "tariff quota".

According to a senior Thai official, the quota is 250,000 tons per year. Imports within that quota will be charged a tariff of 20 percent-30 percent while those exceeding the limit will be charged 60 percent.

Whether or not this will actually lead to imports depends on how cheaply rice can be supplied from other countries such as Vietnam and Burma.

Thailand's 250,000-ton quota compares with the 400,000 tons minimum access that Japan has agreed for a six-year period, and the less than 100,000 tons agreed to by South Korea. The Thai officials said no other rice-producing country was happy with the South Korean offer, but most recognised that Seoul was unlikely to be able to agree to more imports.

"If we pressed further we don't know what we would achieve other than the collapse of the South Korean government," the official said.

At the same time, officials are looking at the implications of the revised deal on curbing subsidised agricultural exports, particularly for American rice under the Export Enhancement Programme.

The original proposal was to take the average volume of subsidised exports in 1986-90 and impose a 3.5 percent per year cut for 1995-2000. The revised deal concluded between the United States and European Union (formerly the European Community) this month allows countries to adopt 1991-92 as the base period so long as the volume in the year 2000 is the same as under the original proposal.

The revision allows the United States a sharp increase in the amount of rice exported with subsidies, compared to the original proposal although the actual volume is small when compared to the 2 million tons per year the United States exports—709,150 tons over 1995-2000 instead of 256,944 tons under the original proposal.

This is because the United States exported an average of 308,683 tons in 1991-92, six times the 48,802-tons average for 1986-90. In both cases the subsidised volume has to be cut to 38,552 tons in 2000.

The main subsidy that has aroused complaints from Thailand is the "marketing loan" subsidised credit programme. Under the programme, subsidies are adjusted so that the domestic price allows US exports to compete on world markets, a measure that critics say depresses US and world prices for top-grade rice particularly during periods of world market price slumps.

This credit programme is considered a domestic subsidy and is required under separate clauses to be cut by 36 percent. US officials have argued that its effect on world prices is less than claimed by Thai critics because of the formulas used to calculate the size of the subsidy and because farmers participating in the scheme are required to limit their production.

Chuan, PRC Internal Trade Minister Meet

BK0912124493 Bangkok XIN ZHONG YUAN RIBAO in Chinese 1 Dec 93 p 16

[Text] Prime Minister Chuan Likphai received visiting Chinese Internal Trade Minister Zhang Haoruo at Government House at 1700 yesterday. The Chinese minister is on a visit to Thailand from 29 November to 6 December at the invitation of Commerce Minister Uthai Phimchaichon. The delegation was received by Deputy Commerce Minister Chaiyot Sasomsap.

Prime Minister Chuan welcomed the Chinese trade delegation. He said he hoped the visit by the Chinese delegation will help promote bilateral trade. The prime minister also thanked China for buying Thai agricultural products such as rice and rubber. The Chinese purchase benefits Thai farmers as these products have been plagued by low prices.

Zhang Haoruo expressed his gratitude to the prime minister. He said his delegation's visit is aimed at exchanging views on trade and holding trade talks with the Commerce Ministry. The delegation called on Commerce Minister Uthai Phimchaichon and Deputy Commerce Minister Chaiyot Sasomsap yesterday morning. The two sides will sign a memorandum today.

Commander Meets Visiting Lao Defense Minister

BK1512080593 Bangkok Army Television Channel 5 in Thai 1200 GMT 14 Dec 93

[Text] The Lao People's Democratic Republic National Defense Minister, Lieutenant General Choummali Saignason, met with Supreme Commander Air Chief Marshal Woranat Aphichari at the Supreme Command Headquarters on Sanam Suapa Road today. The Lao defense minister is in Bangkok to attend the third meeting of the joint Thai-Lao general border cooperation committee. The two discussed the agenda of the meeting which is scheduled to begin on 15 December. The meeting will discuss crime suppression, terrorism along the Thai-Lao border, Lao refugees, narcotics trafficking, and the expansion of information cooperation.

Cabinet Agrees To Return Weapons to Source

BK1512014593 Bangkok THE NATION in English 15 Dec 93 p 1, A2

[Text] The Cabinet yesterday resolved to return the war weapons found in a huge arms cache in Chanthaburi province to the original owners if those owners ask for them, Prime Minister Chuan Likphai said. Those involved in the illegal removal of the weapons from the cache would be prosecuted, he said.

Chuan told reporters after the weekly Cabinet meeting that the weapons were now under the supervision of the Army. He said if a third country which originally owned the weapons wanted them back it should informally tell the government. He said he did not know whether any country had asked for the return of the weapons but according to international practice the owner countries should not be disclosed.

"[We] must not forget that, in the past, security was an important issue. Any country which defended our security should not be criticized or blamed," Chuan said. The premier said Cambodia also could claim ownership.

The arms cache in Chanthaburi's Makham district was discovered after police arrested a truck loaded with about five tonnes of weapons. According to the Army, the weapons had been stolen from the cache and were headed for the Cambodian border. The weapons were initially believed to belong to the Khmer Rouge but the Army has subsequently emphasized they were its property. The uncovered arms warehouse raised questions of whether Thailand was supporting the internationally-boycotted Khmer Rouge.

Over the weekend, Foreign Minister Prasong Sunsiri said in Phnom Penh after a meeting with Cambodian leaders that the weapons should be returned to the suppliers if they asked for them. But Army Commander in Chief Wimon Wongwanit said that although the weapons came from a third country they now belonged to the Arrny. He also said the weapons would be kept in the warehouses.

Chuan yesterday said that Defence Minister Wichit Sukmak had informed the Cabinet that the arsenal was established under a former government's policy. Vietnamese-installed Phnom Penh government, according to Chuan.

The premier also quoted Wichit as saying the weapons were frozen after the 1991 Paris peace accord officially ended the civil war in Cambodia.

Asked why the cache was not deposited in a military camp, Chuan said its placement was convenient at the time. He had not asked Wichit why Cambodians were guarding the arms.

Chuan said he had ordered the defence minister to investigate those involved in the smuggling, especially any high-ranking officers.

"The Cabinet members agreed that...the transfer of the weapons was illegal and will be prosecuted."

Sources said Chuan asked Wichit in the Cabinet meeting why the weapons were stolen from the cache and Wichit said that the Army had assigned a committee to investigate and vowed to punish those who had done wrong.

Prasong said yesterday the Cabinet members were satisfied with the explanations provided by the Foreign, the Interior and the Defence Ministries. But he added that the removal of the weapons had involved corruption and the Defence Ministry should set up a committee to investigate.

'Consistency' Urged in Comments on Arsenal

BK1512134993 Bangkok SIAM POST in Thai 15 Dec 93 p 4

[Editorial: "They Should Say the Same Thing"]

[Text] Government leaders and permanent officials have been at odds in speaking about the huge arms cache raided by a police team led by Acting Police Chief General Prathin Santipraphop in Ban Thung Tanot, Makham District, Chanthaburi Province, on 7 December.

On 12 December, Army Commander General Wimon Wongwanit told newsmen at Bangkok Airport before leaving for a one-week tour of Israel that Foreign Minister Squadron Leader Prasong Sunsiri was not correct when he stated during an interview in Cambodia late last week that the seized weapons would be returned to a third country which owned the weapons.

The army chief said the weapons, supplied to Cambodian resistance factions by a third country through Thailand, are the property of the Thai Army since they are in Thailand now. The weapons do not belong to anybody who can decide what should be done with them. The army chief called for an end to arguments over the issue.

If this kind of argument is allowed to continue, it will hurt the image of Thailand. Based on what they hear, foreigners might conclude that Thailand has been interfering in the political affairs of Cambodia for a long time.

Although the raid on the arsenal took place a short time before his scheduled visit to Cambodia, Foreign Minister Prasong Sunsiri should have contacted Army Commander Gen. Wimon Wongwanit in order to discuss with him and coordinate efforts concerning diplomatic and military approaches toward the issue involving Thailand.

Meanwhile, the explanation about the arsenal given by the foreign minister on behalf of Thailand should be adopted as a common stand by all, including the army and other government agencies.

Although the issue of Thailand keeping an arsenal of war weapons belonging to a third country might not involve Thailand's sovereignty, it could constitute a threat to peace in Cambodia in the eyes of foreign countries, especially if they do not believe in the explanation made by the Thai Government. It is therefore an urgent duty of the government to settle this problem by trying to create consistency in the views expressed by authorities to both the local people and foreigners.

What the government should realize is that returning the weapons to the third country which owns them or claiming ownership of the weapons are not important matters. What is more important is for the government to create confidence among the world community that Thailand did not interfere in the internal affairs of Cambodia.

Commander Reports on Battles in Cambodia

BK1412081293 Bangkok Radio Thailand Network in Thai 1200 GMT 13 Dec 93

[Text] Lieutenant General Anuphap Songsunthon, commander of the 2d Army Region, said during an interview with public relations officials in Nakhon Ratchasima Province that there have been battles between forces of the national Cambodian army and the Khmer Rouge [KR] at the Thai-Cambodian border, but that it took place about 20 km inside Cambodia from the Thai border. He said Cambodians who fled the fighting and entered Thailand have been pushed out. He also said the Suranari task force is ready to protect the border area. Concerning the suppression of heavy firearms along the border, he said the 2d Army Region has been cooperating with the Border Patrol Police to check arms smuggling at the border.

Government Forecasts 8.2% Growth for 1994

BK1512024993 Bangkok BANGKOK POST in English 14 Dec 93 pp 21, 36

[Text] The National Economic and Social Development Board (NESDB) yesterday forecast the country's economy will grow 8.2 percent next year, compared to 7.9 percent this year, with a slightly-higher inflation rate of 4 percent. But to achieve the predicted growth rate, it said the Government has to continue with its relaxed monetary and financial policy for a period and increase the country's competitiveness in foreign markets by reducing the cost of exports.

The Government also has to monitor closely imports of luxury goods such as cars, which this year amounted to 120,000 million baht. The growth rate was announced by NESDB secretary-general Phisit Phakkasem at a press conference yesterday. The forecast was also submitted to the Council of Economic Ministers for acknowledgment. The NESDB attributed the expected high growth to several factors both internal and external. It would be the first time in two years the rate had exceeded 8 percent, it said.

The contributing internal factors included the increased purchasing power of the population, investment expansion by the private sector, increased government spending on infrastructure and decentralization of development.

External factors included the revival of the economies of industrialized countries, which is expected to boost Thai exports by 14.4 percent.

On the country's economic stability, Mr. Phisit said the inflation rate would be slightly higher than this year's 3.3 percent but still controllable.

The NESDB expected the trade balance and current account deficit next calendar year to be 293,000 million baht and 221,300 million baht respectively, or 8.4 percent and 6.3 percent of gross national product, compared to 8.3 percent and 6.3 percent last year.

Expenditure by urban dwellers next year is expected to rise from 7.7 percent this year to 7.9 percent in 1994. There were two contributing factors to this—an increase in capital gains from stock trading and declining lending rates, which will boost the property market and the hire-purchase business for electrical appliances and automobiles.

Spending by rural people was also expected to rise because of the upward trend of world farm product prices, which would boost their purchasing power.

Investment by the private sector was expected to rise 11 percent in 1994, compared to 8.5 percent this year. Part of this would come from the consistency of investment in infrastructure projects and expansion of production to supply both the domestic market and markets in neighboring countries. Investment expenditure by the government sector would rise 27.1 percent next year.

Mr. Phisit said that the Government had set aside 133.114 million baht for projects related to the distribution of development to the provinces to stimulate the rural economy.

On the farming sector, the NESDB said that farming production is expected to rise 3.0 percent from 2.4 percent this year because of increasing demand and rising prices.

Expansion in the industrial sector would be 11.5 percent or almost equal to this year's 11.3 percent. Production for export would expand because of increased orders in the second half of the year.

The service sector would grow 7.4 percent next year, compared to 8.2. percent in 1993, to cope with growth in the industrial sector and as a result of the booming retail chain business.

The tourism scene was predicted to be brighter next year following the improvement of several tourist spots, the opening of the Thai-Laos bridge, the Southeast Asian Games, and the opening of more historic parks.

These were expected to attract more than six million tourists to the country next year and generate 163,200 million baht in revenue.

Mr. Phisit said exports would jump 14.4 percent to 1,050 billion baht, with strong performances by frozen shrimps, electrical appliances, electronics, plastic products, pick-up trucks, motorcycles, automobile parts, frozen fruits, vegetables, canned fruit juice, and electrical cord and cable.

The NESDB forecast imports would rise 14.3 percent to 1,340 billion baht because of continued demand for capital goods and raw materials.

The trade deficit is expected to rise 8.4 percent to 293,000 million baht, and the current account deficit to increase to 221,300 million baht or 6.3 percent of GNP.

On investment trends in the stock market, the NESDB forecast average share prices would be higher than this year, as would turnover.

This was attributed to confidence in the country's continued economic growth and stability, political stability, liberalization of financial services, lower P/E [price/earnings] ratio of share prices, the development of the stock market to international standards, the establishment of an over-the-counter trading centre, and development of debt instruments.

He said the Government had to implement various measures to promote continued economic growth and ensure the 8.2 percent growth rate. They included:

—Using monetary and fiscal policy to promote the market mechanism to manage investment and production, discourage land speculation and spending on luxury goods, and to speed up mobilization of local funds to ease the increased current account deficit;

—Increasing the country's competitiveness with foreign countries by lowering the cost of exports; and

—Implementing an aggressive international economic policy to increase international trade, speeding up infrastructure and utility projects, and solving the water shortage problem.

The board said economic growth this year was 7.9 percent, slightly higher than 7.6 percent last year, and ranked third among Asian countries after China and Malaysia.

Dailies Identify Local Chinese Group Leaders

BK1512054093

[Editorial Report] Two Bangkok Chinese-language dailies—ZHONG HUA RIBAO and XIN ZHONG YUAN RIBAO—carry four reports that identify members of some local Thai-Chinese associations from 28 November to 2 December.

Bangkok ZHONG HUA RIBAO on 28 November carries a report on page 8 on the departure of outgoing Chinese Ambassador Li Shichun. The report says that Li Shichun and his wife were seen off at the airport by the president of parliament, Marut Bunnak; Chinese Embassy officials; Zheng Wulou [6774 0582 2299], honorary president of the Thai-Chinese Chamber of Commerce [Taiguo Zhonghua Zong Shanghui 3141 0948 0022 5478 4920 0794 2528]—[Bangkok Bureau records list Zheng Wulou's Thai name as Uthen Techaphaibun. He is president of the Bangkok Metropolitan Bank. The Techaphaibun family is major shareholder of the Bangkok Metropolitan Bank, the World Trade Center, and various businesses]; Zheng Mingru [6774 2494 1172], president of the Thai-Chinese Chamber of Commerce [Bangkok Bureau records list Zheng Mingru's Thai name as Bunsong Sifuangfung and he is managing director of the Thai Asahi Caustic Soda Company Limited]; and Zhou Jianmei [0719 7002 2734], president of the Tae Chiu Association of Thailand [Taiguo Chaozhou Huiguan].

Bangkok ZHONG HUA RIBAO on 29 November, in a report on page 6, says that General Chatchai Chunhawan, chairman of the Thai-Chinese Friendship Association, hosted a party in honor of outgoing Chinese Ambassador Li Shichun at Chatchai's residence. According to the report, the party was also attended by vice chairmen of the Thai-Chinese Friendship Association Sa-at Piyawan, Wu Fengjin [0702 6646 6855]—[Bangkok Bureau records list Wu Fengjin's Thai name as Suwan Wiraphon and he is managing director of the Wiraphon Company and Caihong Travel and Trading Company], and Huang Nanrong [7806 0589 2837].

Bangkok XIN ZHONG YUAN RIBAO on 1 December carries a report on page 10 about a friendship delegation from Shantou City, led by Mayor Zhou Rifang, visiting the Thai-Chinese Chamber of Commerce. According to the report, the Shantou friendship delegation was received by Chairman of the Thai-Chinese Chamber of Commerce Zheng Mingru, Deputy Chairman Ding Jiajun [0002 1367 7486]—[Bangkok Bureau records list his Thai name as Khachon Tingthanathikun and he is the owner of the Thai Petroleum & Trading Company Limited], Secretary Li Jiannan [2621 1696 0589]—[Bangkok Bureau records lists his Thai name as Phong Siriloetphanit], and Treasurer Chen Qingbo [7115 1987 3134].

Bangkok XIN ZHONG YUAN RIBAO on 2 December, in a report on page 13, says that the friendship delegation of Shantou City was accompanied by Zheng Junying [6774 0193 5391], vice president of the Tai Chiu Association of Thailand [Bangkok Bureau records list his Thai name as Suthi Aphiphatthana and he is the chairman of the Thai Timber Import and Export Traders' Association and Thai Sawat Import Export Company], and paid a courtesy call on Li Guanglong [2621 0342 7128] at Wall Street Tower. They also toured Li Guanglong's Wall Street Tower Company and the Wall Street Finance and Securities Company.

Vietnam

Lord, U.S. State Department Delegation Visit

Vo Van Kiet Receives Lord

BK1412152193 Hanoi VNA in English 1504 GMT 14 Dec 93

[Text] Hanoi VNA Dec. 14—Prime Minister Vo Van Kiet received here today Mr. Winston Lord, US assistant secretary of state for East Asian and Pacific affairs, on a visit to Vietnam.

During the reception Mr Lord informed Prime Minister Kiet of the results of his meetings with Vietnamese Foreign Ministry officials on issues relating to the two countries. He highly appreciated Vietnam's fruitful cooperation with the US in the issue of Americans missing in action (MIA) during the war and its continuing efforts aimed at promoting the normalization of relations between the two countries. In the time to come [sentence as received].

He said that the US side would try to create opportunities to help in the normalization of the Vietnam-US relations for the interests of the two countries, the region and the world as a whole. Mr. Lord said that in response to Vietnam's goodwill in humanitarian issues, the United States has decided to provide two million USD as aid to the re-integration programme of Vietnamese returnees from refugee camps abroad, and 25,000 USD to storm victims in central Vietnam and some equipment in service of seeking Vietnamese mission in the war.

Prime Minister Vo Van Kiet, for his part, welcomed Mr. Lord's visit as a contribution to the promotion of the mutual understanding between Vietnam and the United States. He affirmed that Vietnam, now as before, considers the settlement of the MIA issue as a humanitarian issue, and that Vietnam would do all it could to cooperate with the US in settling this issue, which, he said, is suited to the Vietnamese humanitarian tradition. He noted that the US-Vietnam relations have seen positive development, and he expressed Vietnam's wish for the normalization of the relations. He thanked the US side for its humanitarian aid to the Vietnamese people.

Servicemen's Remains Returned

BK1412151193 Hanoi VNA in English 1455 GMT 14 Dec 93

[Text] Hanoi VNA Dec. 14—The Vietnam MIA office yesterday handed over to the representatives of the US military joint task force on the MIA issue seven cases of remains of American servicemen and their personal effects relating to 19 American servicemen reported missing in the Vietnam War.

The handover ceremony was witnessed by Winston Lord, US assistant secretary of state for East Asian and Pacific affairs on a visit to Vietnam.

It was the result of the 26th joint search for MIA's conducted recently in several provinces in Vietnam. Since March 1974, Vietnam has on 45 occasions returned the remains of 580 American servicemen to the US side. In 1993 alone it handed over the remains of 78 persons. The remains of 40 of them were collected by the Vietnam-US joint search teams, and the rest was collected by the local people.

The US side highly appreciated the humanitarian policy and cooperation of the Vietnamese Government and people in the MIA issue.

Radio on Delegation's Activities

BK1512161193 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 15 Dec 93

[Text] Under an agreement by the two governments of Vietnam and the United States, from 13 to 15 December 1993, a delegation led by U.S. Assistant Secretary of State Mr. Winston Lord visited Vietnam.

The delegation included Mr. Kent Wiedemann, special adviser to the U.S. president and director for Asian affairs of the National Security Council; Mr. Kenneth Quinn, deputy assistant secretary of state for Asian and Pacific affairs; Mr. Edward Ross, acting deputy secretary of defence for MIA issue; and Brigadier General Thomas Needham, head of the Military Joint Task Force on the MIA Issue in Southeast Asia.

While here, the delegation paid a courtesy visit on Prime Minister Vo Van Kiet. They were received by Foreign Minister Nguyen Manh Cam and held talks with a Vietnamese delegation led by Deputy Foreign Minister Nguyen Dy Nien.

The U.S. assistant secretary of state delegation affirmed President Clinton's stance to close the past and advance to normalization so that the two countries will be friends for the interests of the two peoples as well as those of the whole region. The delegation highly appreciated Vietnam's fruitful cooperation in the past with the U.S. in the search for Americans missing in action and its continuing efforts aimed at promoting the normalization of relations between the two countries.

In response to Vietnam's goodwill in humanitarian issues, the delegation announced that the U.S. Government had decided to provide $2 million in aid to the reintegration programme of Vietnamese returnees from refugee camps abroad; $25,000 to storm victims in central Vietnam; and some equipment and a machine to read microfilm to help seek Vietnamese missing in the war.

The Vietnamese side welcomed recent positive developments in Vietnam-U.S. relations. It considers that these steps, although not up to expectations, had helped to strengthen the understanding between the two peoples for the building of new relations between the U.S. and Vietnam in conformity with the interests of the two peoples and the common trend in the world.

The Vietnamese side affirmed that Vietnam always considers the MIA issue a humanitarian issue. Therefore, Vietnam has cooperated with the U.S. to settle this issue through formed mechanisms. However, the Vietnamese side held that the American people and statesmen should not leave the impression that they are allowing the MIA issue to become a political condition, to cause obstacles for the normalization of the relations between the two countries, and to continue to affect the normalization process. Vietnam acknowledged the U.S.'s goodwill in its humanitarian assistance to the Vietnamese people. It also held that the international and regional situation, and the desires of the two peoples required that the U.S. Government should take more significant steps in U.S.-Vietnam relations. At the same time, the two sides also discussed issues relating to the relations of the two countries and international and regional issues of mutual concern.

The meetings and talks took place in a frank and constructive atmosphere. The U.S. delegation expressed its satisfaction at its visit's positive results. It thanked the Vietnamese Government and people for their hospitality.

On 13 December, the U.S. delegation attended a ceremony for the return of American remains recently found in the 26th U.S.-Vietnam search.

On the afternoon of 14 December, the U.S. delegation left Hanoi for Danang city. In the morning of 15 December, before leaving for home, they went to Lao Bao border gate to attend a meeting of the Vietnam-Laos-U.S. specialists to exchange information on cases of Americans missing in action along the Vietnam-Laos border.

PRC Military Delegation Ends Visit, Departs

OW1212040793 Hanoi Voice of Vietnam in Mandarin 0830 GMT 10 Dec 93

[From the "News" program]

[Text] The delegation of the Chinese People's Liberation Army [PLA] General Political Department, headed by General Yu Yongbo, has concluded its friendly visit in Vietnam.

During its visit, Du Moui, general secretary of the Communist Party of Vietnam; and Doan Khue, minister of defense of Vietnam, had cordial meetings with members of the delegation.

The Chinese delegation also had talks with its Vietnamese counterparts and visited some military units in Vietnam.

On 8 December, (Le Nhan), deputy director of the Vietnamese Armed Forces General Political Department, and officers and men of the local military districts saw the delegation off at the Tan Son Nhut Airport in Ho Chi Minh City.

Further on National Assembly Proceedings

Government Report Debated 14 Dec

BK1512053593 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 14 Dec 93

[Passages in boldface recorded]

[Summary] "Dear friends: Today, 14 December, national assembly [NA] deputies continued their debate at the conference hall on the 1993 socioeconomic situation and suggested various approaches for successfully implementing the 1994 socioeconomic tasks based on a government report presented at the National Assembly by Prime Minister Vo Van Kiet.

"Many deputies unanimously agreed with the government report that in 1994 we should continue stepping up the renovation process intensively and extensively, further develop a sense of independence, sovereignty, and self reliance, and practice thrift for national construction and defense while broadening international cooperation."

In order to achieve this aim, many deputies held that "to achieve a rapid economic growth, we should step up development investment and gradually effect a change in the economic structure in the direction of industrialization and modernization."

Dong Nai Province Deputy Nguyen Van Tu said: We should continue mapping out plans for making investments in key national economic sectors such as electricity, oil and gas, communications and transportation.

Meanwhile, Ha Tay Province Deputy Phan Thu argued that in the period ahead, the state should pay more attention to making investments in chemical industry, and the manufcture of machinery.

"Deputies from Khanh Hoa and Dong Nai Provinces asked that the state adopt appropriate policies to further develop the efficiency of various economic components and to mobilize capital locally. To encourage domestic production and tackle employment for workers, the state should reexamine its export-import structure to ensure that they are appropriate." In this regard, Bac Thai Province Deputy Dang Quoc Tien said:

I ask that the state reexamine the question of import surplus in 1993 and 1994. Our labor is abundant and our labor skills are not bad. Why do we continue to import those things that we can produce locally, such as fabrics, automobiles, motorbikes, fruits, cookies, and candies?

"On the agricultural production front, deputies contended that in 1994, we should continue to encourage efforts to step up agro-forestry production. How to find markets for agricultural products is a difficult issue."

Dong Nai Province Deputy Nguyen Thanh Phong said that "Dong Nai Province now has 4,000 hectares of coconut trees and over 100,000 hectares of cotton, and the province is unable to find any markets for these products."

During their group discussions and general debates, many deputies held that the state should give priority to making investments in mountain area economic development. Comrade Hoang Thua, deputy from Ha Giang Province, said:

I think that only when the communications and transportation system is developed can mountain area economic development be achieved. We should train more teachers to ensure education for ethnic children in the 6-10 age group.

As for the cultural and social education issue, many deputies unanimously agreed with the government report on the results obtained in this regard last year. They also pointed out residual problems to be overcome promptly.

Can Tho Province Deputy Nguyen Hung Khanh and Thanh Hoa Province Deputy Dang Nhat Minh said: At present, in most localities, smuggled cultural products such as videos and foreign music cassettes with bad contents are rampant, aversely affecting the younger generation. The state should take measures to avert this situation.

Many deputies contended that the state should pay more attention to caring for the material and spiritual lives of the village cadres. In this regard, Thua Thien Hue Province Deputy Nguyen Khoa Kim Boi said:

We should continue the system of monthly pensions for retired village cadres with 15 or more years of continuous public service, and should provide 1-1.5 million dong in annual operating funds for each mass organization to fulfill its duties.

With regard to the anticorruption and antismuggling issue, "some deputies held that the National Assembly Standing Committee should hold monthly and quarterly meetings to heard reports on anticorruption and antismuggling activities and should launch a nationwide campaign against corruption and smuggling." Ha Tay Province Deputy Phan Thu said:

To stop losing money in capital construction, we should reexamine the management system and fill all the loopholes in the system of fund allocation and fund transfer.

Dear friends: "Tomorrow, the NA deputies will continue their debate at the conference hall."

Communique No. 4 Issued

BK1412152793 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 14 Dec 93

[Communique No. 4 issued by the Ninth National Assembly's Fourth Session in Hanoi on 14 December]

[Text] The National Assembly held a plenary session on 14 December 1993 in the conference hall under the direction of National Assembly Chairman Nong Duc Manh to continue the debate on the situation in 1993 and the orientations and tasks for 1994.

A total of 22 National Assembly deputies expressed their views. They included: Nguyen Khoa Kim Boi from Thua Thien-Hue, Ngo Hong Khanh from Can Tho, Vi Xuan Thanh from Lang Son, Nguyen Thanh Phong from Dong Thap, Hoang Thua from Ha Giang, Tran Minh Xuan from Khanh Hoa, Ho Minh Man from Vinh Long, Dang Quoc Tien from Bac Thai, Dang Nhat Minh from Thanh Hoa, Nguyen Van Tu from Dong Nai, Nguyen Van Vong from Ha Bac, Phan Thu from Ha Tay, Bui Quang Ton from Ben Tre, To Tu Thanh from Binh Dinh, Le Ngoc Sanh from Dac Lac, Bang Tien Dung from Quang Ninh, Bui Duc Luan from Haiphong, Bui Bich Lien from Lam Dong, Bui Thi Binh from Hoa Binh, Cha-Male Dieu from Ninh Thuan, Duong Nhon from Soc Trang, and Dang Khoi from Nam Ha.

The National Assembly deputies continued analyzing and evaluating all aspects of the national situation in a thorough manner and suggested measures to implement the orientations and tasks for 1994 to accelerate the national renovation cause.

In addition to socioeconomic issues, the National Assembly deputies paid due attention to problems in the mountain regions and areas inhabited by ethnic minority compatriots as well as to the need for continued efforts to firmly maintain political stability and consolidate national security and national defense capabilities.

The National Assembly will work at the conference hall on 15 December 1993.

Communique No. 5 Issued

BK1512160993 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 15 Dec 93

[Communique No. 5 issued by the Ninth National Assembly's Fourth Session in Hanoi on 15 December]

[Text] The National Assembly held a plenary session on 15 December 1993 in the conference hall under the direction of National Assembly Vice Chairman Nguyen Ha Phan.

After being briefed by Minister Do Quoc Sam, head of the State Planning Commission, on a number of additional issues relating to balancing the state budget, the National Assembly debated the 1994 state budget estimates.

A total of 21 National Assembly deputies expressed their views. They included Phan Minh Thanh from Tien Giang, Ha Thi Tuyet from Tuyen Quang, Tran Viet Bien from Tay Ninh, Dinh Van Hung from Ninh Binh, La Thi Luyen from Son La, Luong Tam Doan from Phu Yen, Vuong Thi My from Lao Cai, Nguyen Thi Thu Hoai from Quang Binh, Truong Tan Sang from Ho Chi Minh City, Chu Duy Kinh from Hanoi, Nguyen Ngoc Tran from An Giang, Hoang Dinh Cau from Ha Tay, Huu Tho from Vinh Phu, Vo Tong Xuan from Can Tho, Hoang Minh Thang from Quang Nam-Da Nang, Nguyen Phu Tuong from Lang Son, H'Nghia from Gia Lai, Nguyen Trung Cang from Dong Thap, Phan Van Luy from Ha Bac, Bui Quang Huy from Tra Vinh, and Tran Quoc Thoai from Ha Tinh.

The National Assembly deputies made in-depth analyses of these issues, namely sources of state revenues and measures to increase these revenues; state revenue requirements and ways to economize on state expenditures; the need to attach importance to areas inhabited by ethnic minority compatriots, mountain regions, former revolutionary bases, and localities in the southern provinces where local people are experiencing many difficulties caused by floods and typhoons; measures to increase the export index and ensure equilibrium between exports and imports; ways to cope with losses of materials in capital construction; measures to accelerate the movement for thrift and against corruption; and the need to renovate management mechanisms and national financial management policies.

The National Asssembly will continue working at the conference hall on 16 December 1993.

Vo Van Kiet, Do Muoi at Academician's Funeral

BK1412075193 Hanoi VNA in English 0712 GMT 14 Dec 93

[Text] Hanoi VNA Dec. 15—Professor, Academician Nguyen Khanh Toan, died in Hanoi on December 9 of illness at the age of 88. The deceased was member of the Academy of Sciences of the USSR and of the German Democratic Republic Academy of Sciences. The funeral was held here yesterday in the presence of party General Secretary Do Muoi, State President Vo Chi Cong, National Assembly Chairman Nong Duc Manh, Prime Minister Vo Van Kiet, and other senior party and state officials. The Russian ambassador, the second secretary of the Chinese Embassy and the head delegate of the Russia-Vietnam Friendship Association in Vietnam, paid floral tributes to the deceased.

Ministry To Issue Bonds in Foreign Currencies

BK1312143793 Hanoi VNA in English 1415 GMT 13 Dec 93

[Text] Hanoi VNA Dec. 13—The minister of finance has decided to issue two kinds of treasury bonds in foreign currencies, the first ever in Vietnam. The lowest denomination is USD [U.S. dollars] 100.

The bonds are payable in two terms, one for a period of twelve months and carrying an interest rate of 4.2/year and the other for a term of 24 months carrying an interest rate of 4.5/year. The first series was issued on December 1st in Hanoi, Ho Chi Minh City and Ba Ria-Vung Tau Province.

The minister of finance has also decided to issue debenture treasury bonds in Vietnamese dong for a term of 12 months carrying an interest rate of 2 per month [as received]. Both principal and interest will be paid at the end of the term.

The bond is also available from December 1st and distributed in 30 provinces and cities.

Government Issues Maritime Product Ordinance

BK1212093893 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 8 Dec 93

[Text] The SRV Government recently promulgated an ordinance on the penalties for violations of the management and protection of the sources of maritime products. The ordinance, formulated at the recommendation of the Ministry of Maritime Products, is aimed at uniformly imposing penalties against violators. The ordinance is composed of 15 articles in three chapters, clearly defining the acts of violation and forms of penalty against organizations or individuals who violate the law in this regard. The ordinance is aimed at protecting the environment of maritime species, enhancing the preservation and use of maritime products, and promoting fishery and the production of maritime products. The ordinance also defines the authority of the agencies concerned and the procedures and measures for dealing with violators.

Paper Denies Development Seminar To Be Held

BK1412141193 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 16 Nov 93 p 4

[From the "Answering Our Readers" section]

[Text] Recently, our readers forwarded to the SAIGON GIAI PHONG editorial staff the "Agenda of the International Seminar on Vietnam's Development To Be Held on 27 November 1993 at the Metropole Hotel" by the "Movement for National Unification and Democracy Building" and asked us to clarify the aforementioned seminar.

After checking with authoritative organs, we have learned the following facts:

1. There are no legal movements or organizations in Ho Chi Minh City or elsewhere in the whole country which have been allowed to be founded and named the "Movement for National Unification and Democracy Building."

2. The so-called "International Seminar on Vietnam's Development To Be Held on 27 November 1993 at the Metropole Hotel" or anywhere else in Ho Chi Minh City is a hoax and completely illegal.

By the way, we would like to remind our compatriots of the need to heighten vigilance against dark schemes aimed at spreading rumors to undermine our people's stable everyday activities.

Australia

Cook: GATT Deal Means Economic Opportunity

BK1512025693 Melbourne Radio Australia in English 0100 GMT 15 Dec 93

[Text] Trade minister and leader of the 14-member Cairns Group of agricultural trading nations, Peter Cook, says the expected GATT trade deal will be an excellent tonic for the Australian economy.

[Begin Cook recording] I think Australia can brace itself for a big Christmas present which will take the form of new economic opportunity for Australia, the opening of new markets for Australian exports, the ability of Australia to have moved the agricultural playing field a bit closer to level, and an opportunity for our agricultural producers to be able to reap the rewards of that. [end recording]

Receives Assurances on Market Access

BK1512073193 Melbourne Radio Australia in English 0500 GMT 15 Dec 93

[Text] Australia has received vital assurances from the United States and the European Union [EU] of the protection of several of its major agricultural export markets. Mark Tamhane reports Australia has released the details of the market access outcome it has achieved through the GATT talks.

[Begin Tamhane recording] Trade Minister Peter Cook has received confirmation of the so-called Andreissen assurances under which Europe promised not to flood Asian beef markets with subsidized produce. That would protect a market already worth over $1.5 billion [Australian dollars] annually. In addition, Japan and Korea have granted Australia better access to their beef and cereal markets, while the EU has agreed not to impose tariffs on their current level of Australian sheep meat imports.

Senator Cook has received an important assurance from the U.S. that it will not subsidize rice exports to the newly opened Japanese and Korean markets. Australian rice farmers are also guaranteed an immediate gain of $175 million in sales through agreement with Tokyo and Seoul.

Dairy producers will benefit from greater access to the United States, Europe, and Asian markets. Sugar producers will see an end to their declining share of the U.S. market with lower import charges in Japan. All up, the government says the Uruguay Round outcome will mean an extra $900 million a year to Australian farmers.

Coal producers have scored better access in Europe, Japan, and Thailand, while the outlook is good for more exports of nonferrous metal, steel, processed food, and a wide range of manufactured goods. The government says service exporters will get better trading opportunities in the telecommunications, financial services, insurance, business, and professional service areas. [end recording]

Cook Comments on Expected Rice Exports to Japan

BK1412024093 Melbourne Radio Australia in English 0100 GMT 14 Dec 93

[Text] Australia is expected to start exporting rice to Japan early next year, following the decision of the Japanese Government to open its rice market to imports. Trade Minister Peter Cook says Australia can take a lot of credit for the Japanese decision.

[Begin Cook recording] We have a good entree with the Japanese. They respect us. We have argued the opening of the rice market. That is one of the pressures that has doubtless led to this decision by the Hosokawa government, and it does mean that Australian rice farmers will now have a burgeoning market, which is a high-paying premium market to which they can export their rice. Now, I suspect it will mean that our high grade, high quality Japonica variety rice will be planted in much greater acreage in the future to pick up the virtues and advantages of that market. [end recording]

President of the National Farmers Federation, Graham Blight, says he is not worried about American plans to push subsidized rice into the new market. Mr. Blight says the Japanese are unlikely to accept subsidized rice as it would disturb their domestic market.

The general manager of the Tokyo office of the Australian Government export promotion organization, Austrade, also says Australian rice growers will benefit from the decision. Mr. Greg Dodd says Japanese businesses are keen to set up joint ventures to make the Japanese drink sake and other rice products in Australia.

Lao Premier Begins Five-Day Visit 14 Dec

BK1412035293 Melbourne Radio Australia in English 0100 GMT 14 Dec 93

[Text] The most powerful member of Laos' communist leadership, Prime Minister Khamtai Siphandon, begins a five-day state visit to Australia today. Mike Tamhane reports Mr. Khamtai's visit will be heavily focussed on trade and economic issues.

[Begin Tamhane report] Mr. Khamtai will be accompanied by Foreign Minister Somsavat; Industry Minister Soulivong, and other senior Lao figures. In Canberra, he will hold talks with his Australian counterpart. Paul Keating, and foreign minister, Gareth Evans. The prime minister will deliver the keynote address at the Sydney symposium on Indochina and visit a number of agricultural and infrastructure projects in northeastern Australia.

Canberra is currently the third largest foreign investor in Laos with construction and mining companies involved in a number of major projects. Australian diplomats say

Vientiane is keen for even more Australian investment. That is perhaps reflected in the fact that Mr. Khamtai's visit to Australia is his first to an industrialized country and one of his first tasks in Canberra will be to sign an investment agreement between the two nations. However, two-way trade is minimal with only $20 million [Australian dollars].

Prime Minister Paul Keating says Mr. Khamtai's visit provides an opportunity to discuss how the two countries might build on existing economic relations. [end recording]

Talks With Keating, Evans

BK1512021493 Melbourne Radio Australia in English 0100 GMT 15 Dec 93

[Text] Australia's Governor General Bill Hayden has been invited to visit Laos. The invitation was made during talks in Canberra between the Laotian prime minister, Khamtai Siphandon, and his Autralian counterpart, Paul Keating.

Laotian foreign minister, Somsavat Lengsavat, who is accompanying Prime Minister Khamtai on his Australian visit, held talks with his Australian counterpart, Gareth Evans. In a statement issued after their meeting, the two ministers said Australia planned to respond to a request from Laos for the rehabilitation of three bridges. The request would be considered following the completion of the Australian-funded Mekong Friendship Bridge.

Prime Minister Keating will make an official visit to Laos next April for the opening of the $42 million [Australian dollars] and for the signing of investment promotion and protection agreement.

Unemployment Reported; More Jobs Said Created

BK0912022093 Melbourne Radio Australia in English 0100 GMT 9 Dec 93

[Text] New monthly figures show Australia's high unemployment rate remains unchanged. Figures for November released by the Bureau of Statistics continue to show hopeful signs for a pickup in employment growth. Seasonally adjusted unemployment in Australia in November was at 11.1 percent, unchanged from October. The figure has been hovering around the 11 percent mark for over a year, with nearly a million Australians actively looking for work. But the government will take heart from figures showing employment continues to grow; 22,500 jobs were created in November. As more jobs are created more people are encouraged to look for work, which is keeping the unemployment figure unchanged.

Security Intelligence Agency Chief Interviewed

BK1512035193 Sydney THE BULLETIN in English 7 Dec 93 pp 25-29

[Article by Peter Fray: "Spooks Under Surveillance"]

[Text] Five kilometres from Canberra airport, where the Limestone Plains dip to meet a swag of farms and willow trees, a group of mature men is paid to carry out the fantasies of young boys. As cattle graze in the next paddock, they can be found breaking into safes, kicking in doors or beating burglar alarms. "If you go slow enough," says one, "you can beat any detector."

On the barbed-wire gate a sign declares the site is an Australian Federal Police training area, but this is not entirely true. While the police do use it for driving instruction, the collection of drab olive huts at the Majura Road compound is the preserve of a less visible force - the Australian Security Intelligence Organisation (ASIO).

Within the nation's $204 million-a-year spy industry, ASIO is certainly the best known agency, but it is just one of five.

Image: ASIO, which operates inside Australia, is known in the trade as The Organisation, which is accurate and redolent of a hundred cheap spy novels about the Cold War, the reason for its creation in 1949. It is this shadowy but not entirely revered image - a cross between Maxwell Smart and James Bond - that ASIO under Director-General David Sadleir, is trying to shake.

In a rare interview, Sadleir Australia's top spycatcher since April last year, told THE BULLETIN he wanted to de-spook the organisation: "The image has not been a good or helpful one. It's all about spooks and reds under the bed and that kind of thing.

I have tried to project to the public, and not least other parts of government, a much more accurate understanding of what this organisation does, and how that can be of help to the country."

ASIO now devotes more time and money (about 45 percent of its $46.6 million budget) tackling terrorism and politically motivated violence (PMV) than watching and catching foreign spies (about 35 percent). While its activities are organised region-to-region (for example, all potential threats from people connected with the Middle East), ASIO these days is far more worried by dagger than cloak.

Its priorities include monitoring the impact of the Bosnian conflict on local Serbs and Croats via overt community interviews and undercover sources. (ASIO has several hundred paid and voluntary sources covering extreme political groups and radical ethnic and religious bodies.) It is also concerned by the activities of what Sadleir calls the "mad right... the neo-Nazis". And, after last week's spat between Prime Minister Paul Keating and Malaysia's Prime Minister, Dr Mahathir Mohamed, it will undoubtedly keep a keen eye on Islamic activists. As a former defence intelligence officer points out, terrorist attacks "can burst forth on an unprepared nation very quickly". There have been 29 public incidents of terrorism or PMV in Australia since 1980. When Muslim militants blew up the World Trade Centre in New York in February, ASIO received a report from the Central Intelligence Agency within hours; it was then able to tell the government that none of the people believed responsible had links to Australia.

Attractive: Brigadier Malcolm MacKenzie-Orr, a Canberra-based counterterrorism consultant, says most Middle Eastern, Asian and European terrorist groups would have "sleepers" in Australia. Faced with increased security in the West and with the Eastern bloc no longer offering a safe refuge, MacKenzie-Orr argues that some groups will be "looking around for softer targets, such as Australia". While international terrorism is on the wane, a US State Department publication released earlier this year, Patterns of Global Terrorism 1992, suggests that "Middle Eastern terrorism, particularly Iran, Iraq and Libya, may consider Asia an increasingly attractive region as other areas, particularly Europe, increase their security efforts".

If an event such as the World Trade Centre bombing happened in Australia, ASIO would probably be able to oblige its Western allies with an update on those involved. It has extensive powers of surveillance. While it is not public information, The BULLETIN understands that ASIO conducts, on average, between 40 and 50 warrant operations—mainly phone taps and mail intercepts—a year. It can use its special warrant powers, which have to be approved by the attorney general and can last between seven days and six months, for search and entry. Most targets are related to about 14 groups believed to be most inclined towards PMV. Most will have links to Middle Eastern or Asian groups, or other known subversive bodies, such as the IRA. In total, Sadleir says, ASIO is interested in about 50 such groups.

Australia's threats are almost all imported. "Most of our problems in Australia of a security kind do in fact come from overseas," Sadleir says. That said, ASIO does investigate homegrown incidents. These have included threats by an extortionist to spread anthrax in the Queensland public water system in 1984, and, in August last year, the successful attempt by Clifton Courtney Moss to crash a four-wheel-drive vehicle through the doors of Parliament House, Canberra. (ASIO dropped the case when it was found Moss was not a threat to national security.) In the next few weeks, it will prepare an assessment of potential threats to Prince Charles on his visit to Australia in January/February next year. It also has developed plans to defend potential local terrorist targets, such as airports and the North-West Shelf and Bass Strait resource fields.

Few people in the diplomatic and intelligence communities doubt that Sadleir—who seems far more like your favourite uncle than the man from it—has a tough job. The successes of ASIO or its counterpart, the Australian Secret Intelligence Service (ASIS), which operates spies outside Australia, are rarely heard about or championed, but many of its failures are. When thinking about ASIS, who can forget its bungled raid on the Melbourne Sheraton in 1983? One ASIO officer says: "We're like the royal family: a high-target profile, with a low-profile response." The organisation does deserve some flak, however. Its failure to protect the Iranian Embassy in April last year from demonstrators, especially when it knew about the planned protest, cost Australia between $10 and $12 million in compensation, increased embassy protection and court costs. "We had a bit of egg on our face," admits Sadleir.

Unknown: The irony is that arguably the most important spy group, the Defence Signal Directorate (DSD), costs as much as ASIS and ASIO put together yet it is virtually unknown outside the diplomatic, intelligence and military communities. Employing an estimated 2000 people, DSD is responsible for intercepting international communications (signals), especially those within the region, and has recently opened a new base near Geraldton, Western Australia, considered one of the most technically advanced of its kind in the world. The base will give Australia the capacity to tap into satellite-based communications, including telephone calls, within the region. The government has refused to release the total cost of the base (it says the buildings and antennae cost $86 million). Defence academic Professor Des Ball claims the base might have cost up to $350 million. He doubts if Australia needs such state-of-the-art spy technology. "If you really want to know what's going on in Kuala Lumpur, instead of monitoring telephone calls that might go via satellite, let ASIS give $1 million to someone in Mahathir's office." Amid all the gee-whiz technology, it's easy to overlook the oldest weapon in the spy's armoury, the straightforward bribe.

Arrest: But this year, as in others, the public focus has remained on ASIO, especially since the arrest in June of a former employee, George Sadil. Sadil, a Russian interpreter-translator for ASIO for more than 20 years, faces 37 espionage charges under the Crimes Act relating to the alleged removal and retention of ASIO documents. During the committal hearing in the ACT Magistrates Court, the prosecution alleged that Sadil removed the documents, which allegedly included a list of ASIO priority targets, for the purpose of making them available to a Russian KGB agent, Vyacheslav Vladimirovich Tatarinov, who has since left Australia. The hearing will resume on December 6. The government was sufficiently concerned about any implications of the case to announce in October a high-level inquiry into "various aspects of national security" by Australia's former ambassador to the United States, Michael Cook. Cook, a former head of the intelligence body, the Office of National Assessments (ONA), will not discuss the inquiry, but it is believed to be an exercise in reassuring the rest of the Western spy club - the US, Britain and Canada - that Australia is in control of its and their secrets.

Across the globe, recent defections of former Russian agents have led to a crop of spy revelations in the West, most recenty those surrounding the case of a British electronics engineer Michael Smith, sentenced in November to 25 years' jail for spying for the KGB for more than two decades. But there are also private concerns both within and outside the intelligence community that Cook's review will result in another period of change. "They feel under threat again," says a senior government source. "They are very worried about what Cook is up to."

Sadleir concedes that "this year's been a tough year, nobody can deny that, but I think that's because of the kind of things we had to cope with". Little of ASIO'S or ASIS' work is open to public scrutiny. But at ASIO'S Majura Road site, the organisation does something not normally associated with its form of intelligence. Apart from finding out how best to crack bullet-proof glass (clue: a sledgehammer is not the best weapon), it makes a quid. After testing the latest in security—voice or handprint-activated doors, for instance—it advises other federal agencies on protection. Last financial year, it saved taxpayers an estimated $4 million, small beer compared with the $48.6 million it cost them, but as Sadleir says, it's a start. "I'd hope that we would expand that kind of activity because I think it is important and valuable."

Like all other govnment agencies, ASIO and ASIS are on notice to be efficient and accountable, to the extent that secret bodies can be. But inside both organisations the pressures to perform and conform after decades of being closed shops have heralded internal turmoil. There are concerns that the nation's intelligence industry is being dragged so far in from the cold that parts of it are in danger of melting. By appearing to be more like other parts of the public service and bodies such as the police that also carry out intelligence-gathering roles, ASIO has given renewed heart to those who, mostly for political reasons, want to see it abolished. Labor Senator Olive Zakharov a former communist and a current member of the Parliamentary Joint Committee on ASIO, says: "Frankly, I do not see that ASIO does anything that could not be done by the federal police."

Sadleir denies the organisation's job would be better done by the police. While ASIO can carry out surveillance and covert operations, he points out that it does not have the power of arrest enjoyed by the police. And "giving functions of the kind ASIO has to police forces would exactly create the kind of political police that most people wrongly accuse us of being. Moreover, the addition of the powers that ASIO has to police powers would create an extremely powerful organisation as you see in the case of the old FBI in the (J. Edgar) Hoover days, where it was certainly not clear that he was second to the president or what."

Change: While there is little chance the current government will disband ASIO, it has been instrumental in setting it on the path to change. After a review of the nation's five security organs by bureaucrats last year, chaired by Dennis Richardson, a senior official in the prime minister's department, ASIO'S budget has been cut this financial year to $46.6 million. As a result, ASIO staff numbers will be cut to about 550 by June next year (from 647 last June). In the late 1980s, ASIO had more than 700 staff.

Earlier this year Sadleir ordered a total spill and fill—a public service process in which people have to reapply for their jobs of the organisation's 45 most senior positions. Those who failed and were unable to find other jobs have been pensioned out. Along the way, Sadleir rearranged the management structure. ASIO has not been in the market for general intelligence officers—people who either collect or analyse information—since December 1991 and has not placed advertisements for recruitment since September 1990. Sadleir hopes to start recruiting "as soon as possible" after the middle of next year.

Open: Unlike in the '50s and '60s, when ASIO officers were nearly all men and handpicked by the director general or his cohorts, there is now a more open and professional approach. In the old days officers also tended to be ex-military, strongly anticommunist and privately educated. But since the late '70s recruits have tended to be university graduates in their late 20s or early 30s, who have worked either in the private or public sector for several years. Three of ASIO's 12 senior executive service (SES) positions are filled by women, which is higher than the public service average. But overall it is below the average in its employment of women (33.6 percent in June 1992 against 46 percent) and Aborigines (0.1 percent in June 1992 against 1.25 percent). Incoming ASIO officers receive salalies of about $28,000, while SES managers are paid $69,000. Sadleir's position is worth $117,000.

ASIO's former head of personnel, Harry Telfer, says working for the organisation is much like any other desk job, especially at head office—a lot of phone answering, reading and writing documents. But this is only true to a point. THE BULLETIN's request for a tour' of ASIO's headquarters in the Canberra military bureaucracy complex was politely refused. And when the magazine arrived at about 8am to photograph the building's exterior, all the perimeter lights were turned on and no one entered or left. After photographs had been taken, the lights went off and more than a dozen officers entered the building. It was later explained that the lights-on signal meant don't come in.

With internal reform and external publicity, the past year has been a testing time in the organisation, although insiders insist that the esprit de corps is still high. However, there is evidence to suggest otherwise. Complaints to the federal Inspectol General of Security have increased three-fold in the six years since the office was established to oversee public and internal concerns about security bodies. ASIO's own grievance committee is dealing with about 15 cases, mainly concerning the introduction of performance- based pay which, to be fair, has stirred all of the public service. The Inspector-General, Roger Holdich, concedes that about a third of complaints to his office come from inside ASIO and ASIS, the rest from members of the public who feel they have been wrongly treated by either organisation. Holdich says morale within ASIO is a "little bit fragile and they have to be careful with it. There have been significant changes." But, he says, it is getting better.

There are some significant and potentially embarrassing areas of complaint from within ASIS, however. Holdich confirmed recent reports in THE AGE that he had received six complaints from former ASIS employees or their spouses relating to allegations of impropriety, sex scandals and failed espionage activities between 1988 and this year. In two of the cases, those involved received payouts totalling $103,000 in compensation from ASIS on Holdich's recommendations. One of the cases involved the wife of an agent who alleged that ASIS had accused her of having a lesbian relationship with the wife of a CIA operative in an Asian city. The woman received $10,000 in compensation after she claimed the allegations had put her under extreme emotional distress. In the one other case investigated so far, Holdich found the service had acted legally and properly.

Although the Soviet threat has been consigned to the history books, it has not meant the death of espionage. As the Asia-Pacific region becomes more vital to world affairs and complex to manage, many security analysts argue Australia will become more, not less, important as a target for espionage. "Spying," according to an ASIO submission in November 1992 to a senate inquiry on security assessments, "is of intrinsic value to nations, and will remain the means by which they seek to obtain political military, economic, scientific and technical information. The Russian effort is reduced but they continue to seek to place intelligence officers, and some Asian intelligence services have increased their representation and aggressiveness."

Des Ball, from the Australian National University's Strategic Defence Centre, argues that ASIO should give its anti-terrorism responsibility to other agencies and concentrate on counterespionage. Many countries, he says, would be interested in Australia's economic, military, commercial and political information, including Russia, Malaysia, Indonesia and Israel. Concentrating on terrorism, he says, may not work because "(a) I'm not sure there's not much terrorism out there and (b) I'm not sure ASIO's the best group to do it." On both counts, ASIO would beg to differ.

Angry: Despite the post-communism thaw in attitudes to security, history plagues ASIO. It has spent more than 40 years consumed by fighting communism and its real and supposed sympathisers. Tackling subversion—the effective codeword for the alleged red menace—was not erased from its charter until 1986, leaving two generations of politicians, unionists, activists, authors and journalists (let alone thousands of less well-known or organised Australians) angry, scared and paranoid. Now, as more and more of that campaign is exposed via publication of archival material outside the 30-year secrecy rule, the risk is that its future cannot—or will not—be allowed to escape its past.

One ASIO officer says: "The ASIO of 30 years ago is nothing like the ASIO today." But the trouble is that much more is known about the ASIO of the 1950s than the 1990s. It is easy to confuse what was, with what is. Short of greater public scrutiny of its daily operations, Macquarie University historian Greg Pemberton argues that ASIO should come clean. "They did bad things in the past and the best way to clean that up would be to admit it now. But they have a problem with that."

Marshall Islands

Joint Garment Venture Signed With PRC

BK1512042693 Hong Kong AFP in English 0412 GMT 15 Dec 93

[Text] Majuro, Dec 15 (AFP)—The first joint venture between the Marshall Islands and China was agreed here Wednesday when Minister of Resources and Development, Amsa Jonathan and Chen Jinfu of the Xiamen Company for International Techno-Cooperation. [sentence as received]

The deal involves building the first garment factory here. Also signed Wednesday was the contract for the construction of the factory, expected to start within the next three or four months to be built in Laura village on Majuro atoll.

"This is our first joint venture with the Marshall Islands," Chinese ambassador Zhou Jinming said. "It's very important to both governments. We're putting a lot of money into it."

Zhou said the factory would produce almost one million pieces a year, including tee-shirts, shirts and children's clothes.

The main interest for the Chinese in the venture is that the Marshalls has no limit on the amount of garments that it can export to the U.S.

Zhou said their goal was to train Marshallese to work in the factory so that they could gradually take over the jobs held by Chinese. Initially about 80 percent of the expected 120 workers will be from China.

Papua New Guinea

Rebels Claim Upsurge in Bougainville Fighting

BK1312062693 Melbourne Radio Australia in English 0500 GMT 13 Dec 93

[Text] The rebel movement on the Papua New Guinea [PNG] Island of Bougainville claims there has been an upsurge of fighting by government troops in the past week. The rebel operated Radio Free Bougainville has reported air attacks by Papua New Guinea forces against villages in secessionist areas and clashes between members of the Bougainville Revolutionary Army [BRA] and PNG troops and local supporters.

In a message faxed to Radio Australia, the Sydney office of the rebel movement quoted the secessionist radio as saying PNG Defense Force helicopters had machine-gunned at least four villages in central Bougainville last Thursday. Radio Free Bougainville claimed there had been a series of clashes between the BRA and PNG troops and their local supporters known as resistance members. It said about 10 resistance members have been killed in the clashes, adding that others were giving up their support for the PNG Defense Force and rejoining the secessionists.

Vanuatu

PRC Agrees To Help Finance Hydroelectric Dam

BK1512114893 Hong Kong AFP in English 1120 GMT 15 Dec 93

[Text] Port Vila, Dec 15 (AFP)—China signed here Wednesday an accord with Vanuatu to finance up to 75 percent of the Pacific archipelago government's stake in a 3.6 million dollar hydroelectric dam on the northern island of Mallicolo.

The agreement, signed at the prime minister's office, provides for a no-interest loan for the amount over a 20-year period to C.J.E.C. (Vanuatu) Ltd., a locally established joint venture firm set up to manage construction of the dam on the Brenwei River on Mallicolo.

The Vanuatu government will hold a 20 percent share in the project with C.J.E.C. holding the rest. Construction on the dam will begin next February and will supply electricity to the villages of Norsup, Lakatoro and Unmet in northern Mallicolo.

China will provide building materials and some 40 technicians to work alongside some 60 local workers, company official Shang Xue Bing said. China has also helped Vanuatu build its new parliament buildings. Chinese Ambassador to Vanutau, Zhang Daode, said the interest-free loan came "without any political strings."

The Japanese government meanwhile is to help build a similar hydroelectric dam on the Sarakata River on the northern Vanuatu island of Santo.